

JUN 22 1936

# DUN & BRADSTREET MONTHLY REVIEW



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# CONTENTS

JUNE, 1936



FAILURES AND FORECLOSURES - - - - -	2-3
<i>Willard L. Thorp</i>	
FEDERAL TRADE COMMISSION DECISION IN THE GOODYEAR CASE. ARTICLE III. - - - - -	4-9
<i>Edwin B. George</i>	
NEW GAINS ADVANCE SHOE TRADE FROM HIGH RECORD OF 1935 - - - - -	10-12
<i>Raymond Brennan</i>	
NUMBER OF 77B CASES CONTINUES AT LOW LEVEL - - - - -	13
ANALYZING THE RECORD OF COMMERCIAL FAILURES - - - - -	14-21
MARKETING TRENDS - - - - -	22
THE TREND OF PRICES - - - - -	23
GRAPHIC REVIEWS OF MAJOR TRENDS (Electric Refrigerators, Coal, Fertilizer, Carloadings, Building, Tobacco, Life Insurance, Electricity) - - - - -	24-27
<i>J. A. D'Andrea</i>	
MAY BUILDING PERMIT VALUES FOR 215 CITIES - - - - -	28
MAY BANK CLEARINGS BELOW 1935 TOTAL - - - - -	29
STATISTICAL RECORD OF COMMERCE AND FINANCE - - - - -	30-31
RECOVERY STRONGER IN COTTON GOODS TRADING - - - - -	32-33
<i>C. S. Woolstey</i>	
INTERNATIONAL MONEY MARKETS - - - - -	34-35
SECURITY PRICES ADVANCED DESPITE REDUCED TRADING - - - - -	36
<i>George Rambles</i>	
GENERAL BUSINESS CONDITIONS - - - - -	38-40
<i>District Offices of Dun &amp; Bradstreet, Inc.</i>	

Front Cover: This is the second illustration in a series showing men at work.  
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## DUN and BRADSTREET MONTHLY REVIEW

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## THE ACTIVITY BAROMETER



JUNE 3, 1936 82.3 MAY 6, 1936 81.0

Maintaining the advance scored in the previous month, the Business Activity Barometer registered a further moderate increase during May, and showed a substantial rise over the low level prevailing in May a year ago. The Barometer for the week ended June 3 stood at 82.3, as compared with 81.0 a month ago and 69.3 for the corresponding week of last year. This represented increases of 1.6 and 18.8 per cent, respectively.

### BAROMETER AND ITS COMPONENTS

(Estimated normal = 100)

	Activity Barometer	Steel Production	Car Loadings	Electric Power	Bank Clearings	Food Price Index
June 3, '36	82.3	80.5	68.6	101.1	56.6	83.3
May 27, '36	81.9	80.5	69.1	97.9	57.0	82.4
May 20, '36	80.8	79.6	67.7	98.4	56.8	81.1
May 13, '36	80.6	77.9	67.9	97.6	57.5	81.1
May 6, '36	81.0	78.4	68.0	97.6	58.2	82.3
June 5, '35	69.3	46.6	60.2	85.6	51.2	85.3

## THIS ISSUE

Instead of following a parallel course, the records of the past decade disclose that commercial failures reached a peak some years prior to foreclosures. In analyzing the two records, Willard L. Thorp points out in his article, "Failures and Foreclosures," the difference in the rate of adjustment to changed economic conditions between a business enterprise and a real-estate undertaking.

Concluding his series on the "Federal Trade Commission Decision in the Goodyear Case," Edwin B. George devotes his final article to the extent competition was lessened or a monopoly created because of the price discrimination between different purchasers of automobile tires. He discusses the basic issues which underly the case, and points out the implications of the decision to business men generally.

In "Analyzing the Record of Commercial Failures," comparisons not only are made with the months preceding, but the May statistics are traced back for a number of years to reveal the trend of the Insolvency Index, large failures, and defaults by liability groups, divisions of industry, geographical districts, and cities.

# FAILURES AND FORECLOSURES

by WILLARD L. THORP

*Although failure and foreclosure are both processes of liquidation, their records over the last ten years have been quite unlike. Adjustments to the depression appear to have been made much more quickly in business than in real estate.*

**A**T first thought, one might expect that failures and foreclosures would follow a parallel course. Both are the result of situations in which current income is inadequate to meet current obligations, and where the creditor takes legal action to protect his claim. Obviously, under the pressure of declining prices and reduced business activity, the use of both procedures must have been greatly increased by the course of the depression.

It is now possible to compare more exactly these two types of liquidation. Figures on commercial failures have been collected for many years by Dun & Bradstreet, Inc. The record of fore-

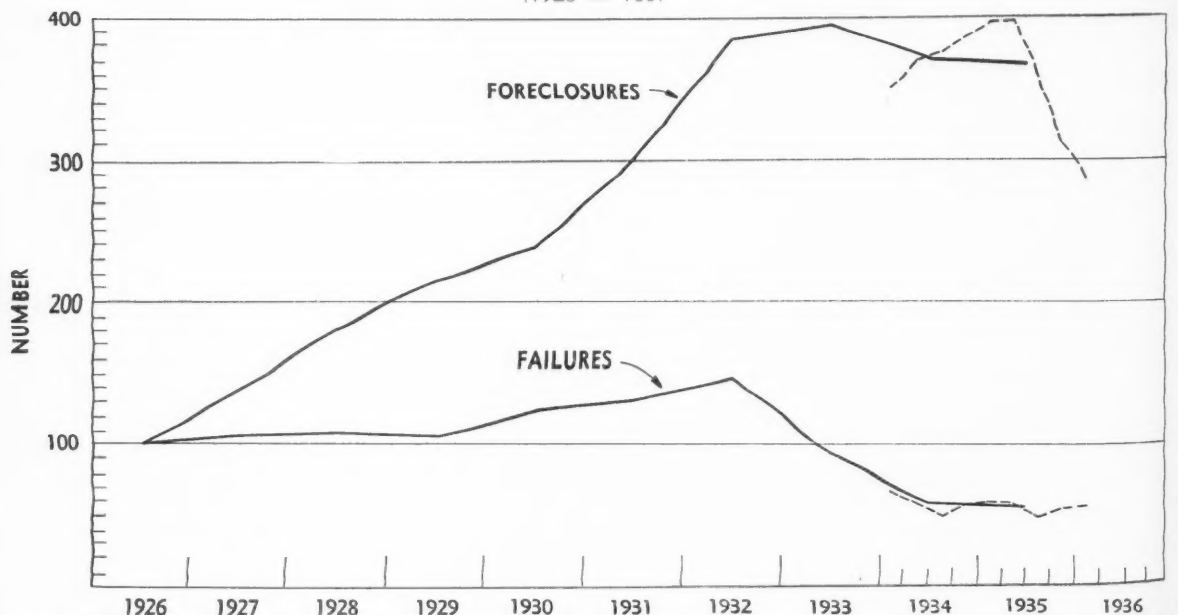
closures has never been compiled with any completeness in the past, but a new index was announced in April, 1936, by the Federal Home Loan Bank Board. This index is based upon the number of foreclosures as shown by the records of cities of population exceeding 100,000, thus reflecting the condition of urban real estate rather than of agricultural properties.

## The Record of Foreclosures

The foreclosure record is one of a steady climb from 1926 (or perhaps even earlier) to a peak in June, 1933, more than four and one-half times the 1926 level. The rise in foreclosures was not merely a depression phenomenon,

for the number doubled from 1926 to 1929. By 1931, the index had advanced to three times the 1926 level, and for the first nine months of 1933, averaged about four times the number in the base period. From the Summer of 1933 to the first quarter of 1934, the number fell sharply due largely to the widespread hope that recovery was imminent and the support given by the refinancing activities of the Home Owners Loan Corporation. For the next year and a half, the number increased slowly to a level in the first six months of 1935 actually above the average for 1933. The increase strangely enough was probably a sign of improvement in the real estate market. On many

INDEXES OF FORECLOSURES AND FAILURES, 1926-1936  
(1926 = 100)



The solid lines are based on annual figures; the dash lines are quarterly records since the beginning of 1934. Failures reached their peak in 1933, but foreclosures did not fall sharply until the Summer of 1935.



properties, foreclosures had undoubtedly been delayed due to the extreme weakness of the market. The holder of the mortgage had not instituted proceedings for fear that the property itself might prove a greater liability than a defaulted mortgage. Since the Summer of 1935, the drop in number of foreclosures had been marked, and the current rate is estimated to be below that of 1931.

### The Failures Record

The failures record has followed a very different path from foreclosures. To make comparison easy, the failures figures have been reduced to 1926 as 100 both in the chart and in the table. There was little variation from 1926 to 1929, and the steady rise in the next three years did not bring the level to as much as 50 per cent above the 1926 level. In 1933, the number fell sharply so that since the second quarter of 1934, no quarter has reached 60 per cent of the 1926 level. There has been only a slight decline during the last two years, but the level has continued below any monthly figure recorded since 1920.

One might protest that the foreclosures index is a direct reflection of conditions in urban real estate, while the failures figures are based on data from the entire country. However, a tabulation of failures in the twenty-five largest cities for the last three years indicates no great variation from the record for the entire country.

### The Rate of Adjustment

The contrast of the two records serves to emphasize the difference in rate of adjustment to changed economic conditions between a business enterprise and a real estate undertaking. While the depression witnessed a marked increase in failures, it would appear that most of the liquidation had taken place by 1933, and the subsequent years saw relatively few failures. The period of acute distress was over, and most enterprises either had fallen over the edge, or had succeeded in getting back to

more secure ground. The swing in real estate was much slower and the foreclosure record has shown a much more persistent high level, no marked reduction appearing until the Summer of 1935.

Various studies of construction and real estate activities have demonstrated the presence of longer and more sustained swings in that area than for business in general. The decline in construction began considerably ahead of the peak in general business and the recovery has been much slower. That real estate fluctuations are so much more sustained, is the inevitable result of the inflexibility of the supply, the steadiness of rents and the fact that fixed charges play so large a part in the costs.

Undoubtedly, the persistent weakness in the real estate market reflected by the high rate of foreclosures, has been a deterrent factor during the last several years, and the reduction in such legal proceedings apparent in recent months is a most encouraging sign. Such improvement is worthy of note, not only because construction is significant as an important source of employment and demand for materials, but also because real estate mortgages are such a significant element in the credit structure.

### The Basic Data

The two series presented in the chart on the previous page are as follows:

	Failures	Foreclosures
1926 .....	100	100
1927 .....	106	137
1928 .....	109	180
1929 .....	106	212
1930 .....	121	235
1931 .....	130	300
1932 .....	146	382
1933 .....	93	395
1934 .....		
I. ....	65	350
II. ....	56	369
III. ....	48	373
IV. ....	55	388
Year..	56	370
1935 .....		
I. ....	58	398
II. ....	58	399
III. ....	49	357
IV. ....	54	341
Year..	55	366
1936 .....		
I. ....	55	285*

\* Partially estimated.

The failures index is based upon the regular tabulation of commercial failures made each month by Dun & Bradstreet, Inc., with 1926 taken as base year. Current data

are published in the *Monthly Review*.

The record of foreclosures was compiled by the Division of Research and Statistics of the Federal Home Loan Bank Board. Data were collected for seventy-seven cities with population exceeding 100,000 persons. The cities covered have a total population of more than 40,000,000 persons. In nearly every instance, the figures employed relate to the county in which the city is located. The original data were furnished by county officials, county clerks, sheriffs, or probate judges. In a few instances, they were obtained from private agencies such as university research bureaus and title companies. The sponsors of the index believe that it reflects fairly accurately the movement of foreclosures on urban properties in the country as a whole. Approximately 75 per cent of all foreclosures relate to one to four-family dwellings.

The index figures for the years 1927 to 1931, inclusive, are based on data for thirteen counties only. In the construction of the final index, the annual averages for these thirteen counties were related to 1926 as the base, and were spliced to the index for all seventy-five counties available from 1932 on, so as to give a rough idea of the movement of foreclosures during the 1926-1931 period.

In some instances, the records for the individual cities relate to foreclosures filed rather than to completed foreclosures. This might lead to some inconsistency, inasmuch as only approximately 85 per cent of foreclosures filed are eventually completed. However, for the purpose of the index, a test was made showing that either of the two indicators followed much the same trend of variations and degree of amplitude of fluctuation, so that the behavior of the index was not seriously affected by the presence of two bases of calculation.

The foreclosures index is published currently in the *Federal Home Loan Bank Review*.

# FEDERAL TRADE COMMISSION DECISION IN THE GOODYEAR CASE

by EDWIN B. GEORGE

*The previous two articles portrayed the far-reaching implications of the Goodyear decision and the controversies involved in measuring price discrimination. This final article discusses the disputed effects of the discrimination on manufacturing and retail competition, and summarizes some of the outstanding claims made for and against control over price discrimination as a matter of public policy.*

## ARTICLE III

THE problems which arose in the attempt to measure price discrimination exactly have been shown to be numerous and formidable. But proving the existence of price discrimination is not enough to bring the law into action. Certain further tests must be applied. The Clayton Act reads that it shall be unlawful to discriminate between different purchasers where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly. It was essential therefore to learn what happened to retailers and manufacturers during the life of this contract, and to ascertain insofar as possible the extent to which this contract may have been responsible for the changes recorded.

### What Happened to Retailers?

It is clear from the record that the number of retail tire dealers was augmented by a huge mass of chain and mass distributors' outlets from 1926 to 1933. The Commission seemed to feel that despite certain evidentiary conflicts and Goodyear's own contrary belief, the number of independent retail dealers had declined. The real argument, however, centered not so much upon their number as upon changes in character of operations, ability to show a profit, and responsibility for current demoralization.

Both parties agreed that independent retailers had lost heavily

in terms of the proportion of the total renewal business that they were able to secure. The decline was from 89.8 per cent in 1926 to 63.8 per cent in 1933. The lost business went to a variety of new elements in the market.

By 1933, 5 per cent of all tires sold for replacement purposes were spare tires, formerly handled through dealers, but now sold to automobile manufacturers direct. Mail-order houses and chain stores increased their share of total replacement sales from 8.6 per cent to 13.2 per cent; this meant a net increase of 4.6 per cent of the total, of which Sears captured 2.77 per cent. (This percentage rests on the use of 5.54 per cent as Sears' share in 1933. In a previous year, however, its share amounted to almost 10 per cent and had declined in 1933 because of a temporary reduction in the spread between its own prices and the general retail market. After 1933 it returned to its previous aggressive policies.) Stores owned by tire manufacturers captured 8 per cent of the renewal business in 1933 as against a mere  $\frac{1}{2}$  per cent in 1926. Oil companies moved into the field with tremendous strength, diverting 9 per cent through their filling stations, whereas they were hardly a factor at all in 1926.

### Two Conflicting Explanations

The vital issue, however, was not that such a diversion from traditional outlets took place, but why.

Goodyear insisted that the development was a natural one in consonance with the times. New methods of distribution are common to the American tradition and where one firm succeeds in a new experiment, others inevitably follow. Sears marched with the vanguard but did not organize or lead it. With this all important contention, the Commission flatly disagreed and held that Sears' low-priced competition was the cause of and not merely coincidental with the growth of these other and competitive forms of distribution. The opposing arguments ran as follows:

While admitting dealer losses, Goodyear maintained that they could not be charged either to its contract with Sears or its treatment of its own dealers. They contended that Goodyear brand tires showed a larger percentage of total renewal sales in the retail market in 1933 than in 1926, that the volume of sales of Goodyear independent dealers in 1933 was only a little less than in 1926, and that under their liberal discount policies their dealers were in the main able to hold their own. They had contracts with 25,000 dealers in 1926 and with 23,000 in 1933. In addition, by the latter year they had added 25,000 sub-dealers.

The normal gross profits possible to dealers under suggested resale price levels ranged in the main between 20 per cent and 25 per cent. In addition, the ability of efficient

outlets to meet competition was augmented by a bonus system for volume which varied from 10 per cent or 12½ per cent during the years through 1932 to as much as 22½ per cent thereafter.

Many dealers testified before the Commission that in their experience Sears-Roebuck had had no more effect on the retailing of tires than the normal well-financed and aggressive competitor. They credited their ability to continue in business, even though selling at prices substantially above those offered by Sears, to the greater prestige of the Goodyear brand, the tendency on the part of the public to replace original equipment with tires of the same make, and the effect of widespread and continuous national advertising.

On the other hand, 144 witnesses called by the Commission, quite a number of whom had gone out of business, charged Sears' low-priced competition with their failure or current difficulties. Goodyear's attorneys denied the representativeness of these adverse witnesses, arguing that weak operators would naturally be prejudiced against aggressive competitors regardless of reason and were in effect blaming Sears for both the depression and the embarrassing fact of their own incompetence.

Additional points in the Goodyear argument: Dealers were failing in substantial numbers long before 1926. The depression, supplemented by improvements in tire quality and longer mileage, tended to shrink the available market at the same time that new forms of distribution were invading it. Some of Sears' unpopular selling policies such as long trade-in allowances and free inner-tubes were not adopted until volume already had been impaired by chaotic depression prices.

#### The Commission's Analysis

In contrast with the foregoing, the Commission's analysis was that Sears, Roebuck & Company, with its price advantage in buying, was an important factor if not the fore-

most factor in initiating and perpetuating both mass distribution in the retail tire field and the price demoralization which characterized the competitive situation from the latter part of 1928. Even with liberal trade-in allowances, free tubes and pair prices, it was able to sell tires at a gross profit sometimes as high as 60 per cent while independent retail dealers in most instances were unable to meet such prices and still have sufficient margin to make their tire business self-sustaining. The differential between the price actually paid by Sears and that paid by Goodyear dealers was approximately 20 per cent to 25 per cent during the years 1926, 1927, 1928 and 1929, the period of most rapid growth. The entry of other mass distributors into the field was forced by this disparity and by the punishing use that Sears made of it, and was not embraced in admiring imitation.

In January, 1931, the United States Rubber Company entered into a cost plus contract with Montgomery Ward comparable to the Goodyear-Sears arrangement. Likewise, as a defensive measure, the United States Rubber Company and the Goodrich Company began to sell to the Atlas Company, a subsidiary of the Standard Oil. Other gasoline distributing companies necessarily followed, handling tires as a side line or "pick-up" business without giving much service or charging much overhead, and selling to consumers at the same prices that independent dealers were able to obtain.

The Commission stressed the point that Sears' heavy dependence on low price in its successful campaign to capture a leading place in this market was illustrated by the fact that when in response to the pleas of manufacturers, competitors, banks and other interests in the industry it brought up its price to within 10 per cent of the leading manufacturers' first line prices in 1933 and tried to follow the same trade-in allowances as the independent dealers, its volume declined sharply. In November, 1933, its first step in recovering this vol-

ume was to restore its 25 per cent trade-in allowance plan. From 1926 to 1929, making free and vigorous use of the wide price differentials accorded it by Goodyear, Sears' share of the replacement market rose from 2.77 per cent to 9.6 per cent. In the Commission's view, Goodyear and its mass distributor, Sears-Roebuck, were really forcing a hopeless competitive battle upon other manufacturers and distributors not so fortunately situated, from which only the organizations with the lowest costs and the best financial resources could survive.

Additional points in the Commission's findings: Goodyear's bonus system did not give much help to small dealers in combatting this threat to their survival, whatever relief it might have given to large dealers, since in 1933, only 38 per cent of all dealers received a bonus. Furthermore, many of the bonuses were in trifling amounts.

While conceding that dealer testimony on the destructiveness of Sears' competition was conflicting, the Commission emphasized the general admission by Goodyear's witnesses that no other single competitor had been able to get as large a percentage of the retail tire business in the communities where Sears' stores were located, in the same length of time.

The Commission therefore saddled upon Sears the principal responsibility for the growth of company stores, filling stations, and private brands, to the progressive detriment of the independent retail function. Goodyear disputed this theory vigorously but the Commission evidently felt that the injection of these new competitive elements, many of them having to operate at a loss or without proper assumption of overhead, was a desperate response to Sears' price competition rather than a normal economic development.

The net effect of the Commission's reasoning was therefore that the Goodyear-Sears contract had tended definitely to narrow the area of competition among re-



tailers and if continued in force would still further narrow it.

#### What Happened to Manufacturers?

There appear to have been 104 pneumatic tire and tube manufacturers in 1926 selling their output principally through independent retail tire dealers. In 1933 there were 32. Argument over the significance of this decline was certain to be instantaneous and grim in such a case as this. Upon it depends a part of the verdict on the legally and socially momentous question: "Did this contract help to promote a monopoly in the manufacture and sale of tires and tubes?"

Goodyear was sure that it did not. It is true that of eleven testifying manufacturers, all but two stated that the competition of Sears-Roebuck had adversely affected the companies that they represented. The respondent's attorneys, however, took this testimony lightly on the ground that business men always exaggerate the part played by competition in creating the difficulties from which they suffer. In more concrete terms, however, they fought back with data showing replacement sales of eleven manufacturers and three mass distributors over the seven controverted years from which it appeared that all but one of the manufacturers, including Goodyear itself, had actually improved its competitive position. This was in terms of units sold. (Figures were given for the better known manufacturers in terms of sales to the general trade, excluding most of the sales to mass distributors. The table demonstrated that it was still possible for many manufacturers to grow during this turbulent period, although because of its selective nature it was not a good mirror of relative growth.)

What happened to the relative profit of these larger concerns is not so clear. Goodyear painted this picture: Goodyear itself made a substantial net profit in every year except 1932. Seiberling earned profits in 1929 and 1931. The Norwalk Tire Company earned money

in 1931, 1932 and 1933. The General Tire and Rubber Company was in the black through the entire period except for the year 1931. The Firestone Company earned substantial net profits in every year from 1926 to 1933, as did Goodrich except in 1930, 1931 and 1932, and as did Dayton except for 1932. It would be strange indeed, ran Goodyear's contention, if a 35 per cent drop in volume, a 60 per cent decline in tire prices, and the effects of the depression had not brought some net losses to tire manufacturers. On further thought, the surprising thing is that they did as well as they did. (Again, the operating figures of lesser manufacturers were not included.)

#### The Behavior of Prices

To make the Commission's charge stick, it was necessary to prove that Sears' leadership was responsible for the downward zoom of market prices that helped to embarrass so many manufacturers. Goodyear maintained that it was primarily reduction in manufacturing costs that brought prices down. Rubber dropped from its high point of more than a dollar per pound in November, 1925, to approximately forty cents per pound in November, 1926, and to two and a fraction cents in 1932. The price of the Goodyear tire declined almost as much in eight and one-half months during 1926 (before Sears' competition began to make itself felt) as it did in the remaining seven years of the period. While Sears reduced its prices from 1926 to 1933 by about 56 per cent the cost of manufacturing declined about 60 per cent. It was contended that even though Sears appeared to have taken the lead in price decline, that was because it anticipated price trends in advance of each quarter in order to keep its quarterly catalog prices in line with the market.

Goodyear also argued that mortality among tire manufacturers was higher during the period from 1920 to 1926 than it was during the subsequent period. In any event, monopoly was impossible. Good-

year, the largest manufacturer, never controlled more than 30 per cent of the renewal business, which percentage had declined to about 22 per cent (including its sales to Sears-Roebuck) at the time of the argument. Sears' percentage, while it rose from 2.77 per cent in 1926 to 9.6 per cent in 1929, had declined to 5.54 per cent in 1933. In view of the fact that both Goodyear and its largest competitors had improved their respective positions during the period of the Goodyear-Sears relationship, the charge of monopoly was held by the Goodyear counsel to have been reduced to an absurdity.

The Commission came to believe, however, that Sears' discriminatory low buying price was the principal factor in bringing about price declines and in forcing out a substantial number of small competing manufacturers as well as thousands of independent retail dealers. While admitting that the steady decline in rubber prices, the large capacity of manufacturers, and the diminishing quantity of available business had much to do with the price decline, it still felt that but for Sears' initiative, conditions would not have been as bad as they were.

Small competing manufacturers were forced to resort to unprofitably low prices on second line tires and to rebate substantial amounts to dealers to keep them in the market at all. The larger competitors such as Firestone had in many instances to take over their retailers' business and establish in their stead company-owned stores operated at a large financial loss.

The Commission capitalized one of Goodyear's own charts to its dealers showing that the "Big Four" had increased their share of the total business from 1925 to 1932 from 36.8 per cent to 49.6 per cent, of which Goodyear had won the lion's share; also that mail-order houses had increased their share from 8.3 per cent to 16.7 per cent. Goodyear's sales manager had ascribed this growth to the curtailment of "fringe manufacturers and their outlet, the gyms." The Com-

mission described it as a concentration of volume in the hands of the large and financially powerful manufacturers and distributors, to the ruin or impairment of the smaller ones and to independent dealers.

#### Good Faith in Meeting Competition

A clause in the Clayton Act condones otherwise unlawful price discrimination when it is made in good faith to meet competition. The point was therefore at issue in this case. Goodyear offered evidence to show that Sears-Roebuck had alternative sources of supply available to it at the time each of the three contracts with Goodyear was closed.

The Commission did not feel that these alternative sources were sufficiently substantial or dependable in terms of Sears' heavy requirements or that actual tenders or bids were in fact received or that any names of prospective or available sources were submitted by Sears to Goodyear. With respect to the first two points the respondent put a different evaluation on Sears' contacts with various manufacturers and felt the third to be poorly taken inasmuch as any requirement that a purchaser give a prospective seller the names of his rivals would run hopelessly counter to the way in which business is actually done.

In view of the fact that evidence of this character is special to every situation, the details of the debate will not be dealt with here, and the point is raised merely to note its possible significance in other cases.

#### Did the Clayton Act Apply?

Following the approved custom in such cases, Goodyear protested that the Clayton Act did not really apply at all to such an arrangement as that prevailing between Goodyear and Sears.

(a) In the first place, much of the business in dispute was not interstate commerce. Goodyear specifically protested the admission of local dealer testimony. Pro and con arguments on this issue will suggest themselves.

(b) As Goodyear saw it, Congress in passing the Clayton Act concerned itself elaborately and carefully with degrees of discrimination, degrees of consequence to competition and the public interest. It did not want to stifle normal and progressive business conduct. Goodyear was greatly impressed by the word "substantially" in the clause "where the effect of such discrimination may be to substantially lessen competition." Serious things must happen for competition to be substantially lessened and monopoly induced. There must, they argued, be some power to control prices, to drive them up rather than down. Sears, at best, had less than 10 per cent of the replacement market and could never hold up prices with it even though manipulation of an even smaller proportion could push them down. Another traditional test is restriction of production; in this industry the reverse occurred. Another is deterioration of quality, and quality had been improved. The Act contemplated serious injury to the public interest, whereas the recognizable results of this contract had been decreasing costs and increasing availability of the product to consumers.

In further extension of this argument, Goodyear dwelt on the difficulty of trying to pin responsibility for all the unfortunate results which might have followed from Sears' competition, to whatever elements of the Goodyear-Sears arrangement might be regarded as improper. In this view, Sears gained much if not all of its position in the market by combining wholesaling and retailing on a large scale with extraordinary efficiency. Purchasing price was a secondary influence and in any event, how was anyone to distinguish between the respective effects of such jumbled influences acting in unison? The tendency of competing manufacturers and retailers to confuse Sears' behavior with the whole depression was regarded as evidence in point. It is

plain, concludes this argument that, while far from being "substantially" responsible for any such disaster, the effectiveness of Sears' competition was not even attributable to Goodyear's discounts.

(c) Goodyear's attorneys held that the Clayton Act had but one great purpose: to prevent local, temporary price cutting undertaken for the purpose of eliminating competitors in particular markets, because monopolies lead inevitably to exorbitant prices. The Goodyear-Sears relationship held no such menace. Their contracts contained no element of temporary price-cutting for the purpose of destroying competitors. They were regarded by the parties as satisfactory long-term relationships. A fixed, satisfactory profit on a substantial part of its business was guaranteed to the supplier through good times and bad. Furthermore, Congress evidenced in its debates that it specifically intended to countenance, as distinguished from the practices it was condemning, the discounts normally paid to mail-order houses and others for quantity purchases.

Many cases were cited by the respondent to substantiate this view of the purpose of the Clayton Act. While conceding that there were distinct elements in earlier cases, the respondent felt that the one strong thread running through them was the Court's insistence that the Clayton Act was aimed only at temporary price discriminations, made not for the sake of the business itself but for the sake of punishing or eliminating a competitor.

#### Judgments Before Facts

(d) Respondent attached great importance to the fact that any final measure of discrimination had to be based upon profit and loss statements materializing after the contract had been in force and palpably not available in anticipation. To say that the statute was violated, when profit and loss statements computed long afterwards showed a net discrimination in

favor of the larger customer, regardless of Goodyear's intention to give recognition to Sears' quantity on a basis of guaranteed profit to itself, would be to impose a standard with which no business man could comply. The respondent specifically claimed that "any such interpretation will overturn all the quantity discount schedules now in use in interstate commerce in this country."

In similar fashion it was argued that such a decision would outlaw cost plus contracts for manufacturers who did any business also on a list price basis, because of the impossibility of determining in advance what would be the final relationship between the two price schedules.

(e) Goodyear warned the Commission that any arbitrary disposal of this case would hurt rather than help the competitive factors in whose behalf the Clayton Act was being given this distorted construction. Sears was stated to have two alternatives either or both of which would permit extremely low prices yet completely escape any legal action: (1) To secure its requirements of tires from a number of small companies which had no other customers and which, therefore, would not be subject to a charge of discrimination. Sears' officers maintained that this could be done. The Commission seemed skeptical. (2) To engage directly in the manufacture of tires.

#### The Attitude of the Commission

In its conclusions, the Commission gave to these arguments on the applicability of the Clayton Act some of the most earnest and possibly fateful attention that appeared anywhere in the huge record. The essence of its reaction has already been presented in the opening article of this series, but because of the significance of the issue some of the more trenchant sentences are paraphrased at this point:

A lower price to Sears is justified, but only to the extent that Goodyear's large sales to Sears are less expensive to make than its

smaller sales to independent tire dealers. . . .

The practice of giving large and powerful purchasers a disproportionately large discount is not justified. It tends toward monopoly and the suppression of competition. If the quantity proviso be interpreted to mean that a manufacturer can discriminate with respect to quantity sales to any extent he desires, the section would be rendered meaningless and ineffective. . . .

If it were left to a manufacturer to make the price solely on account of quantity, he could easily make a discount by reason of quantity so high as to be practically open to the largest dealers only. . . .

Under the Clayton Act a manufacturer may not make his bargains according to his own interests by discriminating as he pleases, however honest and however justifiable such a course might be from the standpoint of commercial principles. Large industrial companies, through price discrimination, can control competitive business conditions among their customers to the extent of enriching some and ruining others. . . .

As to the phrase "where the effect of such discrimination may be to substantially lessen competition," the words, "where the effect may be" are obviously used merely to indicate that it is *tendency* and *probable* effect rather than *actual* results that are important. (In other words the Commission emphasized the "tendency" aspect of the controlling language while the respondent staked its case on existing degree by making that language swing around the word "substantially"—a distinction that may prove significant to a large section of American business).

#### The Underlying Issues

The Goodyear case represents but one battle in an epic struggle which is being fought within the area of the distributive mechanism. The steady improvement in the technique of production has put increasing emphasis upon the marketing structure. Vigorous com-

petition among different channels of distribution had already become severe before the depression, but the shrinkage in consumer purchasing power after 1929 gave sudden tragic meaning to the struggle. Forty-six years ago the battle between large and small producers led to the enactment of the Sherman Act. At present, the same lines seem to have emerged between large and small distributors.

Vigorous arguments have been marshalled on both sides. Obviously, it would be impossible to present them in full detail, yet consideration of this particular case would not be complete unless some of its broader implications were indicated.

#### Preserving the Little Man

Those advocating various forms of interference with present trends lay stress on society's need for the small man. They contend that the preservation of small independent distributors is a paramount economic and social issue and that the independent is losing ground largely because he is the victim of monopolistic practices. If the large competitor is able to exact price concessions which are greater than can be justified by differences in the cost of service, the small man begins the competitive race under a serious handicap. This is accentuated when his larger rival takes a further cut at the final price for the purpose of offering loss leaders. Relationships of reciprocal discrimination between large suppliers and large distributors are seen as one of the powerful forces making for monopolistic control of business.

In other words, many independents are losing ground, not because of inefficiency but because of the bludgeoning tactics of large buyers either independently or in co-operation with large sellers. Under such co-operative arrangements, a strongly established manufacturer can cripple competitors and at the same time obtain monopolistic margins from all of his customers except the mass distributor. Small buyers must carry



much of the selling and distributing expenses both for themselves and for their rivals. And conversely, the manufacturers of less well-known brands are saddled with more than their share of the total distributing expenses in mass distributing outlets. The net result is to place an almost impossible handicap on the small operator, and his maintenance is essential to the American scheme of things.

The opposing view is that there should be a minimum of interference with economic evolution. The small operator should not be specially protected, but should survive only to the extent that he is economically justified. If he can hold his market either by efficiency or by special services of one sort or another, well and good. However, economic progress should not be retarded by denying the realization of economies attainable by any new method of distribution merely to continue an established but inefficient system.

The advantages of mass distribution extend beyond the simple economies of large-scale production. The large buyer has a peculiar value to the producer both by contributing in greater part to the utilization of capacity, and by permitting a more stable and predictable level of operations. A substantial community of interest is developed which operates to the advantage of both producer and distributor.

Furthermore, they argue that the small independent is in little danger of elimination. He will survive in small, local markets. He can adapt his services to the needs of his community. And he can obtain the economics of large-scale purchasing through devices such as the voluntary chain. But if he is given a sheltered market, the improved efficiency which he has already demonstrated under the pressure of competition, will quickly disappear and further advance cannot be expected.

#### The Monopoly Contention

A second area in which argument flourishes, is that of market and

price behavior. The still widely held belief that monopoly appears only as an outgrowth of single ownership or collusive agreements is archaic, continues the affirmative argument for interference. A heavily financed consumer acceptance and concentration into relatively few hands of a large portion of public buying power, result in most of the practical powers of monopoly as conventionally understood. That kind of monopoly, or imperfect competition as it is sometimes styled, finds expression not merely in elimination and curtailment of small business, but in dictating the conditions under which the latter shall operate. Note, by way of illustration, how selling margins for many of the items carried in retail stores have shifted since the advent of mass distributors. Additionally, the uncertainties of price discrimination are a threat to specialized forms of distribution, which with a free field might turn out to be the next step forward in efficient distribution. Such monopolistic developments threaten practical nullification of the conditions assumed essential to *laissez faire* and price determination by the process of competition. For example, a high cost form of distribution can win out because of its bargaining power, in contrast with traditional theory that progressive evolution is accomplished by the automatic victory of low cost methods.

The opponents of this position are more inclined to regard wide price differentials as the natural product of shifts in distributive facilities and methods, not to be stayed by pleas for the stragglers of an old order. They insist that maintenance of flexibility is still the main consideration, whatever the passing strains and heartbreaks it may cause.

Furthermore, they argue that the mass distributor, with his necessity for reaching a large market, has increased rather than reduced competition. He is unable to establish a local monopoly, as could the small independent, but must expect other mass distributors to in-

vade any territory which he finds especially profitable. Inasmuch as there is no apparent trend towards the consolidation of all mass distributors, competition will continue to be a dominant factor. And price discriminations will tend to be on the lower side, benefiting the consumer and in no way leading to the results ordinarily attributed to monopoly operation.

#### Should Government Interfere?

The third area in which the battle rages, has to do with the effectiveness and propriety of government interference. The defense in this case is relatively simple. It does not argue that any simple formula will solve all difficulties. However, it does insist that once a general principle is established, its application is a matter of gradual evolution through expert application with judicial review to assure justice. As to the propriety of government interference, what is our government for except to protect property, to preserve individual initiative and opportunity, and to establish rules of proper behavior? We have already established the principle of condemning "unfair methods of competition" and of "conspiracies in restraint of trade." All that is here requested is further definition of fair competition so that the enterprise, strong financially and in bargaining power, will not be allowed to take undue advantage over its worthy but less powerful competitors.

On the other side of the fence, the opponents stress the technical difficulties of controlling prices by any kind of fiat and deplore further governmental interference with business management. They lay heavy emphasis on the difficulties of defining, detecting and proving real price discrimination, and openly wonder how yardsticks are to be fashioned from conflicting cost practices. It would furthermore be difficult to isolate price "discrimination" because of the variety of forms that real price can take. Special discounts, allow-

*concluded on page 37*

# NEW GAINS ADVANCE SHOE TRADE FROM HIGH RECORD OF 1935

by RAYMOND BRENNAN

IN spite of one of the most severe Winters in the past decade, which called for greater use of rubbers and overshoes, all divisions of the shoe and leather trades reported substantial progress during the first four months of 1936. Production ranged from 3 to 6 per cent larger than in the comparative 1935 period, wholesale volume was ahead by 8 to 11 per cent, while the increase in retail sales ran as high as 15 to 20 per cent. Volume buyers have come into the market for larger quantities since mid-April, and some of the cutting rooms have worked close to capacity.

This improvement has given an auspicious start for continuing the uninterrupted advance of the shoe trade for the fourth successive year, with indications that new high ground may be entered. In 1935 a record was established for shoe production, which reached 383,761,499 pairs, a rise of 7.5 per cent from the 1934 total and 6.2 per cent from the previous peak reached at 361,407,000 pairs in 1929. In the first quarter of 1936 this high level was maintained, as output of 98,158,110 pairs surpassed all totals for the comparative period in the trade's history.

## New Production Peak

Consumer resistance has not developed thus far to the moderate mark-ups which retailers have made on some grades of shoes, as manufacturers have been slow to pass along their higher materials and production costs. Inventories, while well in hand, are heavier than last Spring. Some concerns do not regard the outlook quite so favorable as a year ago, but the general consensus is that a larger volume will be recorded for all divisions than in 1935.

Nearly all of the shoe manufacturers operated at higher rates during the four months of 1936 than in the same period a year ago, in spite of the fact that factories in some sections were hampered by floods and disrupted transportation facilities during a part of March. For each month production was in excess of that for the corresponding one of the year preceding. This record was achieved notwithstanding the fact that during the last half of 1935 the output for every month was larger than the total for the corresponding months in 1934.

## Boot and Shoe Production \*

Year	Number of Pairs	Per Cent Change
1921.....	286,771,000	.....
1922.....	323,876,000	+ 12.9
1923.....	351,114,000	+ 8.4
1924.....	313,230,000	-10.8
1925.....	323,553,000	+ 3.3
1926.....	324,513,000	+ 0.3
1927.....	343,608,000	+ 5.9
1928.....	344,352,000	+ 0.2
1929.....	361,407,000	+ 5.0
1930.....	304,168,000	-15.8
1931.....	316,240,000	+ 4.0
1932.....	313,290,000	- 0.9
1933.....	350,382,000	+11.8
1934.....	357,119,000	+ 1.9
1935.....	383,761,000	+ 7.5

(\* ) Source: Bureau of Census.

It was this gain which enabled the total production of boots and shoes for 1935 to establish a new all-time high at 383,761,499 pairs. This was an increase of 7.5 per cent over the 357,119,401 turned out in 1934, and exceeded the peak that had held at 361,407,000 since 1929. More than the usual seasonal rise carried production in January, 1936, to 32,419,989 pairs, a new high for that month. There was a slight reduction in February, but the recovery in March brought the first-quarter total to 98,158,110 pairs.

The latter was the largest on record for any first quarter, accord-

ing to the statistics compiled by the Bureau of Census, as the 1935 total was surpassed by 3.7 per cent, and that of 1934 and 1933 by 6.5 per cent and 26.4 per cent, respectively. The 1932 first-quarter production of 77,859,160 was exceeded by 26.1 per cent, 1931 by 34.1 per cent, while the 85,848,000 pairs in the first quarter of 1929, the previous peak year, was outdistanced by 14.3 per cent.

## Style Footwear Leading

Outstanding among the developments during 1935, as disclosed by the shoe production figures, was the marked increase in the manufacture of part leather and fabric shoes, according to the *Shoe and Leather Reporter*. These types registered an increase of 110.4 per cent, which was accounted for largely by the popularity of style footwear, which embodied many new and different designs.

The production of part leather and fabric shoes totalled 2,891,088 pairs in 1935, compared with production of 1,374,194 pairs in 1934. Men's shoe production also displayed a satisfactory increase, taken as a whole, the gain in the demand for dress shoes being particularly noteworthy. Output of the latter, which included types in the low as well as in the high-priced brackets, totalled 73,414,890 pairs, compared with 63,862,915 pairs in 1934, or a gain of 15 per cent.

Total 1935 production was equivalent to 2.95 pairs per person, the highest since 1929, when 2.98 pairs per capita were manufactured. Per capita output in 1929, however, was not the highest point ever reached, as 1909, 1919, and 1923 all were bigger years, with 3.14, 3.15, and 3.16 pairs per capita, re-

spectively. Although these figures imply that there still is room for increases in per capita demand, available statistics indicate that those years were extremely exceptional. As a matter of fact, the average for the fifteen years, 1921 through 1935, has been only 2.8 pairs per capita, a lower rate than in either 1934 or 1935.

In spite of the heavy snows, which favored the movement of rubber footwear during the first two months of the year, sales of shoes succeeded in rising above the comparative level of the year preceding by a slight margin. Consumer demand started to broaden rapidly during March, with the increase extended more widely during April, enabling retailers to report increases up to 15 to 20 per cent over the volume for the first four months of 1935. In many sections Easter sales were the best since 1929.

#### Steady Sales Expansion

The increase in the demand for nearly all grades of shoes during April, brought heavy calls on wholesalers that maintained stocks, helping to lift their volume for the first four months of the year 8 to 11 per cent over that of the same 1935 period. Interest in Summer lines was strong during the opening weeks of May, as many retailers prepared for one of the best selling seasons in years. White shoes were particularly stressed in white kid, calf splits, and fabrics, with sports models favored.

Because of the trend toward costume suits in women's styles, retailers reported a strong preference for high colors, especially blue, luggage tan, and gray, in the low heel and broad toe effects. In men's lines conventional types in tan and black predominated, with early sales indicating an exceptionally good year for all-white sport shoes.

Since 1926 the consumption of cattle-hide leather in the United States has undergone a complete cycle, according to Merrill A. Watson, executive vice-president of the Tanners' Council of America.

From that time, and with the exception of 1929, it declined almost constantly until the end of 1932. The extent of the decline between 1926 and 1932 amounted to approximately 8,500,000 hides and kips. This was the bottom of the cycle of declining cattle-hide leather consumption.

#### Leather Consumption Gaining

From that time on, consumption increased steadily to the estimated 20,500,000 hides of 1935. Such changes in the demand for leather, meeting a somewhat more stable supply of raw material, could not fail to produce serious price fluctuations. That is precisely what occurred. Hide prices in 1928 were about 70 per cent above the 1926 average level, and in 1932 about 56 per cent below the 1926 level, or a range of fluctuation of 126 per cent, based on 1926 prices.

In calculating the possible price trend of the current year on the 20,000,000 hides that have been estimated as necessary to cover leather consumption, cognizance must be taken of the question of hide supplies. For, it is upon the relation of these two factors that the price level will depend. The domestic slaughter situation can be disposed of without much detailed explanation. Commercial slaughter in 1935 held up better than expected, and the supply of hides moving into sight was over half a million greater than in 1934.

In view of the drought and potential herd building, it is only

conservatism to estimate that 1936 packer slaughter will be somewhat less and that the supply of country hides will be considerably less than in 1935. The total contraction in the new supply of hides may run from 1,125,000 to 1,500,000. This is the approximate quantity of hides held by the Federal Surplus Commodity Corporation.

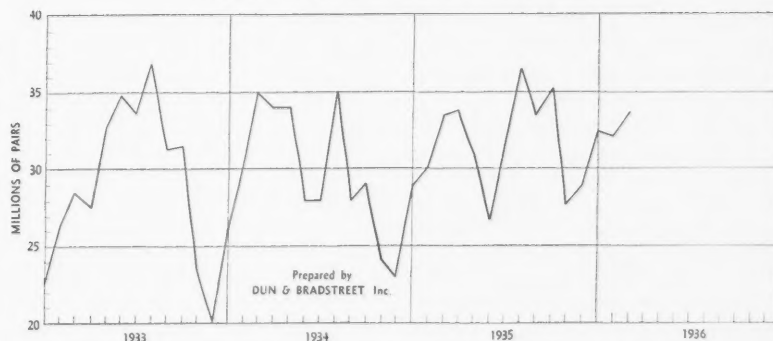
In view of the fact that the Government has started to dispose of these in an orderly manner, it seems not too much to expect that these will move into sight in 1936. From a numerical standpoint alone, these should offset the deficiency in domestic slaughter so that the total domestic supply should not be far from the domestic supply in 1935.

The domestic hide supply, however, never has been sufficient to take care of the domestic leather demand. The United States must always, therefore, go into foreign markets for the additional supplies of hides. In the past nine years, domestic supplies have averaged 85 per cent of the total amount required. This has made necessary the importation of an additional volume equal to 15 per cent of the domestic requirements. The net imports during these nine years ranged from 3 per cent to 26 per cent of the total annual needs.

#### Hide Stocks Reduced

The orderly method by which the drought hides and skins held by the Government have been sold has not disturbed marketing in the

PRODUCTION OF BOOTS AND SHOES \*



(\*) Source: Bureau of Census.

After establishing an all-time peak in 1935, when the total reached 383,761,399 pairs, production for the first quarter of 1936 made a new high record. Rising to 98,158,110 pairs, the total for the first quarter of 1935 was exceeded by 3.7 per cent and that for the first three months of 1929 by 14.3 per cent.



# Index of Wholesale Boot and Shoe Prices \*

(1926 equals 100)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
January	100.5	99.8	108.4	106.7	103.8	95.1	88.8	83.3	98.5	97.1	100.5
February	100.5	99.8	109.2	106.6	103.8	95.0	88.5	83.3	98.4	97.2	100.5
March	100.5	99.8	109.5	106.6	103.8	94.9	88.5	83.2	98.5	97.2	100.4
April	100.4	99.8	110.4	106.6	103.8	94.8	88.4	83.2	98.5	97.2	.....
May	100.4	99.9	110.5	106.2	103.7	94.8	88.4	83.6	98.5	97.2	.....
June	100.3	101.0	110.8	106.1	103.0	94.6	87.5	85.5	98.4	97.3	.....
July	.....	99.8	103.0	110.8	106.1	102.9	93.5	84.4	88.3	98.0	97.8
August	.....	99.8	103.3	110.8	106.1	100.6	93.5	84.4	96.1	97.9	98.3
September	.....	99.8	105.6	110.8	106.1	100.5	93.5	84.4	98.9	97.9	98.3
October	.....	99.8	105.6	110.4	106.1	100.3	93.1	84.6	98.9	97.7	98.8
November	.....	99.8	106.3	108.9	106.1	100.3	92.5	84.2	99.0	97.3	99.6
December	.....	99.8	107.1	108.4	106.1	97.7	89.2	83.8	98.6	97.2	100.1

\* Source: Department of Labor.

regular trade channels. At the beginning of the year, these holdings amounted to nearly 2,000,000, composed of 1,440,000 cowhides and 540,000 calfskins. At the two auction sales held since January about 108,000 hides and 168,000 skins were moved.

Of the 1,332,000 cowhides and 372,000 calfskins remaining, about 100,000 of the former and 150,000 of the latter are expected to be sold at the public offering scheduled for June. The demand for calfskins has been running stronger than that for cowhides, because regular sources of supply had been curtailed and stocks were not plentiful.

The Government has adhered closely to the recommendations of the tanners in disposing of its offerings, and in some instances has refused bids because these were considered to be too low. This occurred during one of the public sales in March, when the declining prices caused bidders to discount further recessions. This did not take place, however, as the recovery in the following weeks again started the trend upward.

## Prices Generally Firm

Due largely to the mark-ups that were made during the final quarter of 1935, retail prices of shoes range from 10 to 15 per cent higher than a year ago. While most of the increase has been on the medium and better qualities, the absence of surplus stocks thrown on the market at concessions has lifted prices of the cheaper grades. Another factor which has contributed to greater stability in the retail price divisions has been the lack of

necessity for special promotion featuring drastic mark-downs, in order to move merchandise, due to the broadening of consumer demand.

Wholesale price increases, which had lagged behind the retail advances, have been more in evidence since the pre-Easter buying season. While indications were that mark-ups would be general on Fall lines, quotations in the volume ranges will hold closely to those obtaining during the Spring months. The reaction of hide prices since January doubtless has removed part of the basis for some of the scheduled upward revisions.

## Basic Costs Steadier

As manufacturers have about exhausted the fairly heavy stock which they carried over from last year, they have been forced to pay up on leather and materials at a time when they have found it difficult to procure general advances on the finished product. In raw materials and finished leather, price stabilization has ruled in most divisions since the first of the year. The absence of wide fluctuations has given basic costs a uniformity for a more protracted period than has been recorded in a number of years.

The gradual rebuilding of quality standards is viewed as one of the most encouraging developments favoring profit positions of all divisions of the industry. For, as general business conditions improve, the quality preference of consumers doubtless will assume a constantly-widening significance.

# Failure Uptrend Resumed

After the abrupt decreases in the two years preceding, failures in the shoe trade increased in 1935. The number rose to 328 from 285 in 1934, a gain of 15.1 per cent, while the involved liabilities were larger by 1.6 per cent, going from \$3,707,228 to \$3,767,182 in 1935. The increase was due entirely to the higher totals set down for wholesalers and retailers.

When compared with the 1932 peak of 872, however, the 1935 failures were fewer by 62.4 per cent, while the drop from the 1932 defaulted indebtedness of \$19,388,386 amounted to 80.6 per cent. For the first quarter of 1936 the bankruptcy trend was about the same as in 1935, the rise continuing for wholesalers and retailers and the reduction extended in the manufacturers' group.

The complete insolvency record of the shoe trade since 1927, including the first quarter of 1936, as compiled by Dun & Bradstreet, Inc., shows:

## Manufacturers of Shoes

Year	Number	Liabilities
1927	85	\$5,059,582
1928	44	5,258,546
1929	11	384,429
1930	38	1,843,907
1931	67	2,075,435
1932	63	9,157,250
1933	38	1,987,109
1934	43	1,298,174
1935	41	1,751,960
1936*	8	275,886

## Wholesalers and Retailers of Shoes

Year	Number	Liabilities
1927	488	\$5,944,172
1928	500	5,191,396
1929	453	5,452,097
1930	543	5,655,521
1931	762	9,875,768
1932	809	10,231,136
1933	466	5,589,870
1934	242	2,409,054
1935	287	2,615,222
1936*	82	567,653

(\*) January to March, inclusive.

These statistics of commercial failures are exclusive of applications under Section 77B. From June 7, 1934, when Section 77B of the New Bankruptcy Act became effective, to April 30, 1936, applications were filed under this section by 17 manufacturers in this industry and by 9 wholesalers and retailers.

# NUMBER OF 77B CASES CONTINUES AT LOW LEVEL

THE number of applications for reorganization under Section 77B of the Bankruptcy Act, totalled 53 in May. This is an increase of ten over April, but this rise is more than accounted for by the fact that May was a five-week month. So far this year, from January through May there have been just 300 of these applications for reorganization. This is far below the 498 cases for the same period last year, which included the only two months since the amendment went into effect exceeding 100 cases. Over the total period there has averaged one 77B case to every twelve regular commercial failures and during the current month of May this ratio holds true. This comparison is valid only so far as numbers is concerned, for in regard to importance and size of company the weight is greatly on the side of the 77B cases.

## Comparison of 77B Applications and Commercial Failures

	77B Applications	Commercial Failures
<b>1934</b>		
June .....	97	992
July .....	73	870
August .....	98	872
September .....	69	771
October .....	65	1,039
November .....	96	882
December .....	94	933
Total 7 Mos., 1934.	592	6,359
<b>1935</b>		
January .....	106	1,146
February .....	76	956
March .....	82	940
April .....	146	1,083
May .....	88	1,004
June .....	81	944
July .....	70	902
August .....	94	884
September .....	48	787
October .....	78	1,056
November .....	57	898
December .....	86	910
Total, 1935.....	1,012	11,510
<b>1936</b>		
January .....	59	1,077
February .....	95	856
March .....	50	946
April .....	43	830
May .....	53	832
Total 5 Mos., 1936.	300	4,541
Total U. S.....	1,904	22,410

All but three of the petitions were voluntary, resulting from action taken by the corporation's own officers. Many of the cases represented one more step in a long struggle to survive. Five were operating under receivership, two under back supervision, one under creditors' extension, and three have been inactive.

The date of incorporation of the applicants is given in the following table:

1930-1935.....	21
1925-1929.....	9
1920-1924.....	9
1910-1919.....	8
1900-1909.....	2
Before 1900.....	2
Unknown.....	2

However, the date of incorporation cannot be taken always as an adequate measure of the age of the enterprise. For example, of the twenty-one companies incorporated between 1930 and 1935 only six were really new enterprises; six succeeded concerns whose date of establishment is unknown; three succeeded businesses established in the years before 1900 and four succeeded concerns started in the 1920's. One company bought out two branches of another company, and one had taken over an old brewery.

Out of the total fifty-three companies, thirty-three apparently were new companies at the incorporation date, and twenty had started under various circumstances:

- 5 took over individual concerns or unincorporated companies
- 7 succeeded other corporations under unknown circumstances
- 2 acquired property of other companies through foreclosure
- 2 succeeded other companies in receivership
- 1 was a consolidation of three other companies
- 1 bought branches of another business
- 2 were companies which were operating under former 77B plans of settlement

Manufacturing is usually the leading division of industry for 77B cases. In May, its part was even more than usual, accounting

for about four-sevenths of all the reported applications. Seven of these cases were in the food industry, three being breweries. Textile manufacturing was involved in five cases and forest products in four. Next in importance was wholesale trade, with eight cases, four of which were in the foods division. Construction activity is so seldom incorporated that its representation of three cases is rather unusual. Three of the four cases under commercial service are hotels, and the five cases under categories not included in commercial failures were four real estate concerns and one social club.

## 77B Applications by Main Divisions of Industry—May, 1936 and 1935

	May, 1936	April, 1936	May, 1935
Manufacturing .....	29	15	37
Wholesale Trade.....	8	6	13
Retail Trade.....	4	5	16
Construction .....	3	..	1
Commercial Service..	4	6	6
Others *.....	5	11	15
Total U. S.....	53	43	88

\* Not included in tabulation of commercial failures, such as real estate and investment companies.

Heavy fixed charges and lack of working capital continue to be the chief immediate causes leading to reorganization petitions. One case demonstrating the uncertainties of markets, is a large company established in 1923. Its product was purchased by automobile manufacturers and jobbers. Up to 1930 it had shown continuous progress, added to its resources, and built up a substantial investment. The automobile industry made a change in its requirements which necessitated a complete rehabilitation of the company's plant. The present difficulty is presumably the result of this outlay coupled with a sales decline in the past few years resulting from the reduced automobile output and the long life of automobile equipment.

# ANALYZING THE RECORD OF COMMERCIAL FAILURES

**C**OMMERCIAL failures in May are almost identical in number with April. The increase in the total of only two cases brings the figure to 832, by far the lowest May figure since 1920. Liabilities on the other hand show a moderate increase over April and over May of last year.

## May Failures, 1920-1936

	Number	Liabilities
1936.....	832	\$15,375,138
1935.....	1,004	14,338,659
1934.....	942	20,787,106
1933.....	1,846	44,646,903
1932.....	2,788	83,763,521
1931.....	2,248	53,371,212
1930.....	2,179	55,541,462
1929.....	1,897	41,215,865
1928.....	2,008	36,116,990
1927.....	1,852	37,784,773
1926.....	1,730	33,543,318
1925.....	1,767	37,026,552
1924.....	1,816	36,590,907
1923.....	1,530	41,022,277
1922.....	1,960	44,402,886
1921.....	1,356	57,066,471
1920.....	547	10,826,277

Commercial failures appear to have a fairly regular seasonal pattern. The most certain comparison is that of the same month over a series of years. The above table records a decrease of 172 failures, 17 per cent from May a year ago and a 70 per cent decrease from the peak of May failures which occurred in 1932. Normally, the May figures show a downward movement from April. In the last sixteen years there have been only

four cases where this pattern was not followed. In both 1934 and 1935 the May decline was quite extensive.

The liabilities figures are much more erratic than the number of cases, because their level is determined primarily by a small number of cases where the liabilities are unusually large. This is demonstrated most clearly in the figures for May of this year. If one eliminated the 1 per cent of largest failures from May of this year and May of last year, the result would be the demonstration of decreasing liabilities. The fact that an increase of 7 per cent was actually reported is due to the presence in the figures in this month of two extremely large failures with liabilities totalling \$3,700,000.

## Insolvency Index

The most significant single figure in the record is the insolvency index. It corrects the figures for number of reported failures so that the underlying trend of commercial failures is depicted much more accurately. This index measures the annual rate at which business concerns would fail if the number of actual failures and the estimated total number of business enterprises in any one month pre-

ailed throughout the year. To obtain the index number, failures in the month are divided by the number of working days in the period and the result is multiplied by the number of working days in the year. The number of business concerns is determined from the number of names listed in the Dun & Bradstreet Reference Book. The index has lately been revised, and the revised figures since 1933 are given in the table along with figures for earlier years.

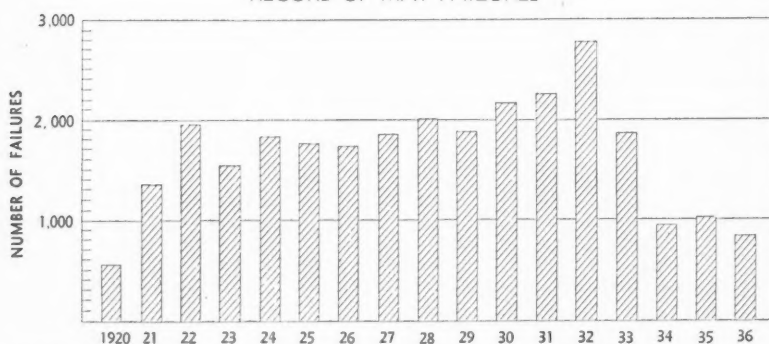
## Number of Failures

	1936	1935	1934	1933
January.....	1,077	1,146	1,317	2,851
February.....	856	956	1,017	2,309
March.....	946	940	1,069	1,881
April.....	830	1,083	1,020	1,859
May.....	832	1,004	942	1,846
June.....	...	944	992	1,576
July.....	...	902	870	1,360
August.....	...	884	872	1,430
September.....	...	787	771	1,077
October.....	...	1,056	1,039	1,165
November.....	...	898	882	1,189
December.....	...	910	933	1,083
Total U. S. ....	...	11,510	11,724	19,626

## Liabilities

	1936	1935	1934	1933
Jan. ....	18,104	14,603	29,035	76,937
Feb. ....	14,089	15,217	16,772	61,939
Mar. ....	16,271	15,361	24,002	45,026
Apr. ....	14,157	16,529	22,871	47,368
May ....	15,375	14,339	20,787	44,646
June ....	...	12,918	20,591	33,517
July ....	...	16,523	16,555	25,123
Aug. ....	...	13,266	15,703	38,067
Sept. ....	...	17,002	15,552	20,781
Oct. ....	...	17,185	16,973	27,799
Nov. ....	...	14,384	14,376	22,414
Dec. ....	...	15,686	16,981	23,842
Total U. S. ....	...	183,013	230,198	467,459

## RECORD OF MAY FAILURES



The total of 832 business failures during May represents a sharp reduction from the level of 1935, which had recorded an increase over 1934. On the other hand, liabilities recorded a slight increase.

The adjustment of May failures to the number of working days in the month and to the estimated number of firms in business results in a rate of 46.5 failures to every 10,000 firms in business. This is 3.8 points below the April figure, and continues the downward movement in effect since January, carrying the level into new low ground. The index shows this monthly decline even though the actual number of failures remained unchanged from April, because there



were two more working days in May and the estimated number of concerns in business is decidedly on the upgrade. The downward trend so far this year is in contrast with the erratic trend of the first five months of the last three years, when April regularly showed an increase over March.

The index has declined steadily since January. During the years 1925-1929, the average decline during the first five months was 25.1 per cent. In 1936, the decline has been 26.0 per cent, but on a much lower level.

### The Largest Failures

There were fourteen failures during May of concerns whose liabilities were \$100,000 or more, which is an increase of one over the month of April. This increase is not particularly notable, for the record for both months is small in comparison with the first three months of this year, when the average was twenty-two per month.

The following table shows the industry classification of these cases:

Manufacturing .....	2
Automotive .....	1
Boat building .....	1
Wholesale trade .....	1
Building supplies .....	1
Retail trade .....	3
Household furnishings .....	1
Automobiles .....	1
Restaurant .....	1
Construction .....	7
Commercial service .....	1
Hotel .....	1
Total .....	14

In studying the groups separately, it appears that there were unusually few large failures in manufacturing this month. Compared with April, there were three less in manufacturing, the same number in wholesale trade, one more in retail trade and an increase of two in construction. The failure with the largest amount of liabilities which totalled over \$2,000,000, was reported in the construction group. There were no large failures in commercial service during April and one during May.

The fact that half the cases are under the head of construction calls for special comment. Two

## DUN'S INSOLVENCY INDEX

Apparent Annual Number of Failures for Each 10,000 Listed Commercial Enterprises

	New Series				Old Series				Average
	1936	1935	1934	1933	1933	1932	1931	1930	
January .....	62.8	66.7	77.0	170.3	179.4	201.8	188.4	150.2	139.5
February .....	56.4	66.0	67.3	151.6	159.0	165.9	169.0	146.7	128.2
March .....	53.0	55.0	60.4	107.5	111.4	159.7	146.0	128.4	110.4
April .....	50.3	63.5	62.4	114.7	119.6	158.0	134.1	125.0	107.4
May .....	46.5	58.8	55.4	107.8	113.9	162.0	131.7	119.9	104.5
June .....	...	57.5	58.4	93.3	99.9	155.2	112.4	114.4	100.8
July .....	...	52.8	51.2	83.7	90.4	156.3	112.1	112.4	95.7
August .....	...	49.8	49.5	81.2	86.7	155.5	111.3	105.7	90.9
September .....	...	50.0	48.8	65.9	71.0	132.1	114.0	112.9	87.2
October .....	...	61.8	60.7	71.1	76.6	137.8	134.7	117.0	90.2
November .....	...	59.4	55.8	75.5	82.1	130.9	141.2	127.0	107.1
December .....	...	53.3	56.6	65.9	74.0	145.3	158.8	140.7	112.0
Yearly Average	53.8*	57.9	58.6	99.0	105.8	153.3	133.4	120.7	106.2

(\*) Based on first five months.

particular aspects of construction make it necessary to segregate these cases. The first is the difficulty of defining when an individual contractor is or is not in business. He may have entered on no new projects for several years, yet still regards himself as in the building industry. And the second is the unusual character of the liabilities involved in such cases. Speculative building frequently leaves considerable mortgage paper in the hands of the builder. His failure is essentially in the real estate rather than the construction field. Thus construction failures may not reflect in fact the condition of the building industry as such.

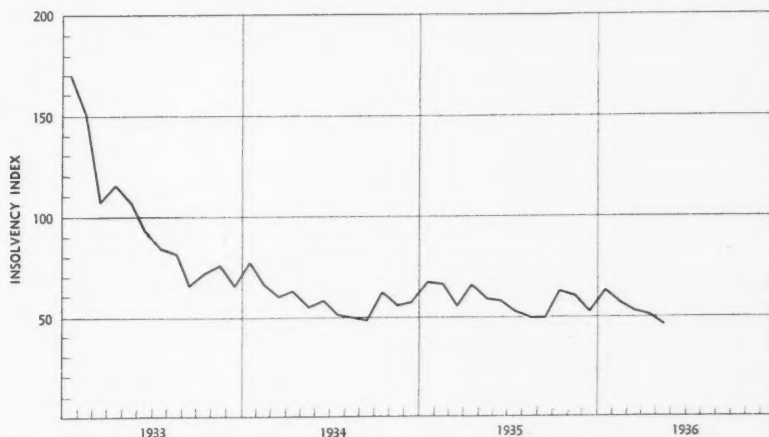
Of the total number of concerns, five were incorporated, eight were individual proprietorships and one was a partnership. The seven in

the construction group included six of the individual proprietorships, one of the incorporated firms, and the partnership. This partnership had succeeded an individual proprietorship which had ended in a previous bankruptcy.

Records concerning the age of these concerns are available for only eight. The two oldest were founded in 1901 and 1906, respectively. Two were established during the second decade of the twentieth century, one in 1929 and three since 1930. However, these three recent cases were all instances of some form of reorganization in the face of earlier difficulties.

Upon studying the records for reasons for the failures of these establishments we find that the oldest concern, incorporated in 1901, succeeded a partnership founded many years before. Its

### MONTHLY TREND OF THE INSOLVENCY INDEX



The Insolvency Index which takes into account the number of firms in business and the actual number of working days in the month, declined further to 46.5 in May, the lowest point reached in recent years.

# Monthly Failures by Industrial Groups—1934-1936

		Number					Percentage					
		Manu- facturing	Wholesale Trade	Retail Trade	Con- struction	Commercial Service	Manu- facturing	Wholesale Trade	Retail Trade	Con- struction	Commercial Service	
1934	January ...	1,317	208	114	852	76	67	15.8	8.6	64.7	5.8	5.1
	February ..	1,017	175	86	635	65	56	17.2	8.5	62.5	6.3	5.5
	March .....	1,069	194	78	631	92	74	18.2	7.3	59.0	8.6	6.9
	April .....	1,020	177	89	599	79	76	17.4	8.7	58.7	7.7	7.5
	May .....	942	165	89	556	68	64	17.6	9.4	59.1	7.1	6.8
	June .....	992	205	62	603	61	61	20.7	6.3	60.8	6.1	6.1
	July .....	870	157	79	513	64	57	18.0	9.1	59.0	7.4	6.5
	August ....	872	180	78	510	53	51	20.6	8.9	58.5	6.1	5.9
	September ..	771	142	63	464	67	35	18.4	8.2	60.2	8.7	4.5
	October .....	1,039	175	82	654	67	61	16.9	7.9	62.9	6.4	5.9
	November ..	882	149	73	539	69	52	16.9	8.3	61.1	7.8	5.9
	December ..	933	161	89	571	58	54	17.3	9.5	61.2	6.2	5.8
	Total .....	11,724	2,088	982	7,127	819	708	17.8	8.4	60.8	7.0	6.0
1935	January ...	1,146	195	98	734	62	57	17.0	8.6	64.0	5.4	5.0
	February ..	956	168	83	581	59	65	17.6	8.7	60.8	6.2	6.7
	March .....	940	170	75	587	45	63	18.1	8.0	62.4	4.8	6.7
	April .....	1,083	180	93	680	68	62	16.6	8.6	62.8	6.3	5.7
	May .....	1,004	172	79	630	56	67	17.1	7.9	62.7	5.6	6.7
	June .....	944	166	88	589	54	47	17.6	9.3	62.4	5.7	5.0
	July .....	902	172	81	551	55	43	19.1	9.0	61.0	6.1	4.8
	August ....	884	132	94	557	53	48	15.0	10.6	63.0	6.0	5.4
	September ..	787	143	71	489	38	46	18.2	9.0	62.2	4.8	5.8
	October ....	1,056	210	81	633	74	58	19.8	7.7	60.0	7.0	5.5
	November ..	898	169	65	559	58	47	18.8	7.2	62.3	6.5	5.2
	December ..	910	180	75	548	54	53	19.8	8.2	60.3	5.9	5.8
	Total .....	11,510	2,057	983	7,138	676	656	17.9	8.5	62.0	5.9	5.7
1936	January ...	1,077	174	89	704	51	59	16.2	8.2	65.5	4.7	5.4
	February ..	856	137	98	544	36	41	16.0	11.4	63.6	4.2	4.8
	March .....	946	158	88	602	51	47	16.7	9.3	63.6	5.4	5.0
	April .....	830	161	93	507	32	38	19.4	11.2	61.1	3.7	4.6
	May .....	832	146	72	533	46	35	17.5	8.7	64.1	5.5	4.2

activity in road contracting work and masons' supplies was under capable and experienced management but due to losses over the past few years the firm found it increasingly hard to meet its obligations. The company attempted unsuccessfully to reorganize under 77B proceedings, but at last was forced to file a voluntary petition of bankruptcy.

One of the companies in the retail trade group failed because of over-expansion. Several branch stores were opened but soon had to

be closed. New lines and installment methods were adopted, but the financial burden was too great. In 1933, the creditors formed a new company instead of insisting that the business be liquidated. However, the new company has not been able to make any particular headway and an involuntary petition of bankruptcy was filed.

Another failure which is worthy of note is that of an automobile agency. An automobile salesman had started a business in partnership and succeeded the firm in

1929. Due to decreasing sales his finances became involved and foreclosures on his business and private property followed.

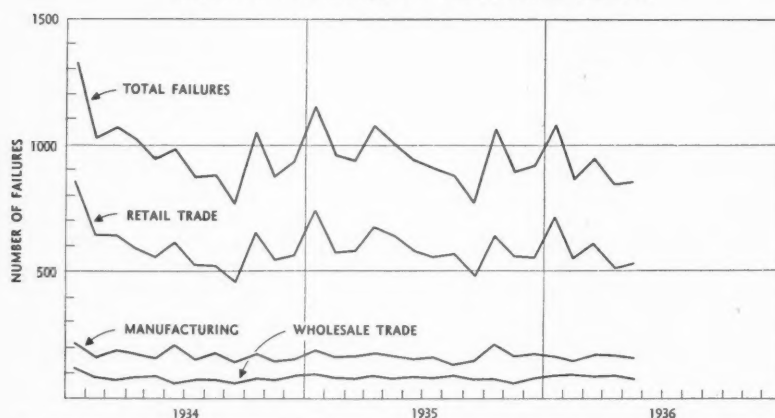
In the case of a restaurant and allied activities which failed, it had been owned by a man who had previously been involved in several unsuccessful ventures. He had inherited a considerable fortune, but it has been lost or is invested in properties none of which are self-sustaining.

Of the remaining number of this list of large failures, voluntary petitions were filed by the majority of firms after unsuccessful attempts to carry on. Various attempts at reorganization had been made. In several cases, creditors had taken over the management of the firms but were unable to make more headway than had the original owners.

## Failures by Division of Industry

The problem of comparing the figures for May with April is made especially easy by the fact that the total number is unchanged in the last month. This makes very clear

MONTHLY FAILURES BY INDUSTRIAL GROUPS



The stability of May failures resulted from increases in retail failures offset by decreases in manufacturing and wholesaling. In the small groups, construction increased and commercial service declined.

any changes within the total figure relative to industry, size and location.

For the first time, a table is included in this month's report presenting a comparison of the number of failures by broad industry groups by months since January, 1934. The more important groups are also depicted in chart form.

As might be expected, the fluctuations in each group are somewhat erratic. Inasmuch as retail failures comprise by far the most important group, the movement of total failures appears to follow this group rather closely.

April figures had recorded decided differences among the groups from their percentages of the previous year. May more closely resembles these proportions than has any other month in 1936. Wholesaling failures, which had been relatively numerous in the previous three months, were considerably reduced, and construction failures, which had been of small proportions, were somewhat increased. The tendency for the retail failures to increase in proportion as the total number declines, was clearly in evidence.

The number and proportion of failures in the commercial service group is as small as in any previous month covered by the tabulation, continuing a trend which has been in evidence for some time.

The more detailed comparison by divisions of industry, is presented in a comparison of the May figures for the last three years. The decline in the number of failures since last May occurred in every major industrial group, most notably in commercial service with only half of last year's failures, and least in wholesale trade with only a 10 per cent decline. Manufacturing, retail trade, and construction declined about equally 15 to 17 per cent.

It is interesting to note that the relative importance of manufacturing failures has remained practically unchanged over a period of three years although their actual number has fluctuated. On the other hand, their average size, as

## Failures by Divisions of Industry—May, 1934-1936

(Liabilities in thousands of dollars)

	Number			Liabilities		
	1936	1935	1934	1936	1935	1934
<b>MANUFACTURING</b>						
Foods .....	33	37	51	389	797	1,732
Textiles .....	26	43	30	406	1,242	1,968
Forest Products .....	11	14	11	264	341	976
Paper, Printing and Publishing.....	17	14	11	374	714	145
Chemicals and Drugs.....	5	10	8	90	202	112
Fuels .....	2	1	2	94	12	20
Leather and Leather Products.....	7	7	6	108	126	176
Stone, Clay, Glass, and Products....	1	1	3	4	12	143
Iron and Steel.....	9	7	12	124	410	1,315
Machinery .....	6	9	4	128	349	37
Transportation Equipment .....	8	2	5	517	22	114
All Other.....	21	27	22	211	437	1,053
Total Manufacturing.....	146	172	165	2,709	4,664	7,791
Per cent of month's total.....	17.5	17.1	17.5	17.6	32.5	37.5
<b>WHOLESALE TRADE</b>						
Farm Products, Foods, Groceries....	38	49	36	504	820	912
Clothing and Furnishings.....	1	7	2	8	50	17
Dry Goods and Textiles.....	2	4	5	57	58	44
Lumber, Bldg. Materials and Hardware	10	4	8	397	58	134
Chemicals and Drugs.....	2	4	3	23	143	27
Fuels .....	2	2	10	100	21	164
Automotive Products .....	6	1	2	69	4	12
Supply Houses .....	1	3	3	4	32	23
All Other.....	10	5	20	261	56	358
Total Wholesale Trade.....	72	79	89	1,423	1,242	1,691
Per cent of month's total.....	8.7	7.9	9.4	9.3	8.7	8.1
<b>RETAIL TRADE</b>						
Foods .....	172	230	160	1,192	1,626	1,051
Farm Supplies, General Stores.....	26	30	29	171	412	221
General Merchandise .....	20	31	17	165	208	532
Apparel .....	93	81	100	656	549	912
Furniture, Household Furnishings...	24	26	19	254	378	211
Lumber, Bldg. Materials and Hardware	32	38	34	439	493	1,281
Automotive Products .....	48	40	42	548	456	335
Restaurants .....	37	42	44	1,746	453	560
Drugs .....	46	71	59	408	535	703
All Other.....	35	41	52	354	779	801
Total Retail Trade.....	533	630	556	5,933	5,889	6,607
Per cent of month's total.....	64.1	62.7	59.1	38.6	41.1	31.8
<b>CONSTRUCTION</b>						
General Contractors .....	5	10	13	295	475	773
Carpenters and Builders.....	12	16	16	4,061	614	618
Building Sub-contractors.....	23	28	35	167	299	603
Other Contractors.....	6	2	4	293	73	152
Total Construction.....	46	56	68	4,816	1,461	2,146
Per cent of month's total.....	5.5	5.6	7.2	31.3	10.2	10.3
<b>COMMERCIAL SERVICE</b>						
Cleaners, Dyers and Tailors.....	7	17	16	48	167	346
Haulage, Busses, Taxis, etc.....	6	17	16	56	151	598
Hotels .....	5	7	5	240	325	1,014
Laundries .....	2	6	7	27	77	127
Undertakers .....	3	8	6	18	136	239
All Other.....	12	12	14	105	227	228
Total Commercial Service.....	35	67	64	494	1,083	2,552
Per cent of month's total.....	4.2	6.7	6.8	3.2	7.5	12.3
Total U. S. ....	832	1,004	942	15,369	14,339	20,787
Per Cent.....	100.0	100.0	100.0	100.0	100.0	100.0

measured by liabilities, has been decreasing and their share of total liabilities involved in all failures this month fell from 32.5 to 17.6 per cent. Failures in the food group show only a slight decrease from last year but have come down considerably over the three-year period. Textiles, the other leading group in manufacturing, balanced an upward movement last year with a big decrease this year.

Failures among paper, printing and publishing concerns have increased each year, the chief increase this year being among printing establishments. In the transportation group, failures in automobile accessory firms showed a relatively big increase.

Failures in the trades, both wholesale and retail, fell less rapidly from last May than the rate of decline of all failures and there-



### Monthly Failures by Size of Liabilities—1934-1936

		Number					Percentage				
		Total	Under \$5,000	\$5,000-\$25,000	\$25,000-\$100,000	\$100,000 and Over	Under \$5,000	\$5,000-\$25,000	\$25,000-\$100,000	\$100,000 and Over	
1934	January .....	1,317	543	546	164	64	41.2	41.4	12.5	4.9	
	February .....	1,017	376	478	137	26	37.0	47.0	13.5	2.5	
	March .....	1,069	380	500	144	45	35.6	46.8	13.4	4.2	
	April .....	1,020	421	435	122	42	41.3	42.6	12.0	4.1	
	May .....	942	384	404	118	36	40.8	42.9	12.5	3.8	
	June .....	992	380	442	121	49	38.3	44.6	12.2	4.9	
	July .....	870	296	440	97	37	34.0	50.6	11.1	4.3	
	August .....	872	348	393	97	34	39.9	45.1	11.1	3.9	
	September ...	771	295	351	86	39	38.3	45.5	11.2	5.0	
	October .....	1,039	424	479	100	36	40.8	46.1	9.6	3.5	
	November .....	882	375	395	80	32	42.5	44.8	9.1	3.6	
	December ...	933	386	413	105	29	41.4	44.3	11.2	3.1	
Total .....		11,724	4,608	5,276	1,371	469	39.3	45.0	11.7	4.0	
1935	January .....	1,146	507	510	111	18	44.2	44.5	9.7	1.6	
	February .....	956	375	448	112	21	39.1	47.0	11.7	2.2	
	March .....	940	397	413	108	22	42.2	44.0	11.5	2.3	
	April .....	1,083	459	479	119	26	42.4	44.2	11.0	2.4	
	May .....	1,004	430	456	96	22	42.8	45.4	9.6	2.2	
	June .....	944	440	400	88	16	46.6	42.4	9.3	1.7	
	July .....	902	387	388	92	35	42.9	43.0	10.2	3.9	
	August .....	884	420	349	94	21	47.5	39.5	10.6	2.4	
	September ...	787	345	359	54	29	43.8	45.6	6.9	3.7	
	October .....	1,056	438	477	118	23	41.5	45.2	11.2	2.2	
	November ...	898	393	402	82	21	43.8	44.8	9.1	2.3	
	December ...	910	395	410	79	26	43.4	45.1	8.7	1.8	
Total .....		11,510	4,986	5,091	1,153	280	43.3	44.3	10.0	2.4	
1936	January .....	1,077	474	476	107	20	44.0	44.2	9.9	1.9	
	February .....	856	372	393	69	22	43.4	45.9	8.1	2.6	
	March .....	946	405	434	84	23	42.8	45.9	8.9	2.4	
	April .....	830	360	369	88	13	43.5	44.4	10.6	1.5	
	May .....	832	343	389	86	14	41.2	46.8	10.3	1.7	

fore showed increased percentages of the month's total. In wholesale trade there are so few failures in the groups other than farm and food products that it is difficult to determine any pronounced movements within them. It can be noted, however, that, in addition to foods, lumber and automotive products show more failures this year than two years ago. The liabilities involved in wholesale failures increased slightly due to unusual totals in the lumber group.

The percentage of failures in retail trade has increased slightly over the three-year period. There are no definitely defined trends among the retail groups that account for this, for it is one line one year, and another line the next year, that pulls the importance of the group up. Failures in wearing apparel and automotive concerns increased this month over a year ago, all the rest decreased.

There is some degree of consistency in the figures as recorded.

For example, the number of failures was reduced in all lines pertaining to foods, namely, food manufacturing, food wholesaling, food retailing and restaurants. On the other hand, failures increased in all three levels of the automotive industry. Textile and lumber products did not record such a uniform pattern.

In construction, the only group to increase in number were specialized contractors not related to building. The notable item in this record is the large liabilities item recorded by the carpenters' and builders' group.

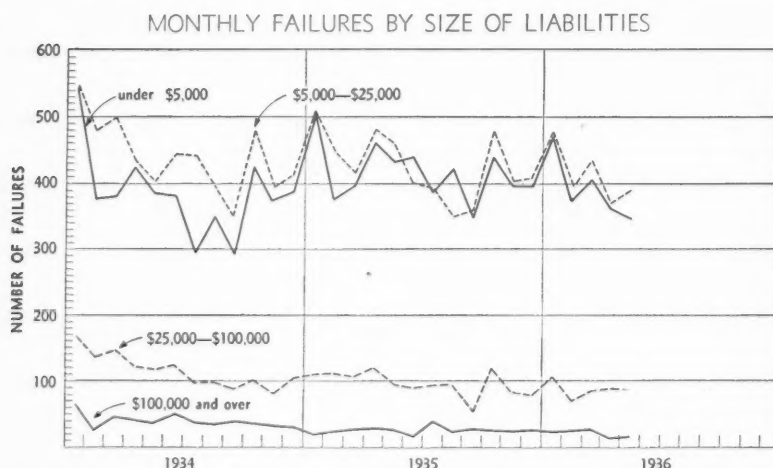
The small number of failures in the field of commercial service has already been noted. The reduction is general, though largest among the two large groups—cleaners, dyers and tailors, and haulage, busses, and taxis, etc.

#### Failures by Size

Measures based upon the number of failures, do not take into account the fact that cases may vary widely in importance. The only measure of size available is the estimated amount of liabilities involved. In this issue, is presented for the first time a table of commercial failures according to four size groups by months since January, 1934.

In using this table, one should keep in mind that the new procedure for reorganization of corporations under Section 77B, came into operation in June, 1934. Undoubtedly, the 1,900 cases which have followed this procedure since then, would fall most frequently in the larger size groups. The monthly record of these concerns is given in the special article on Section 77B cases on page 13.

If one examines the 29-month record, it appears that the two smaller-sized groups account for between eighty and ninety per cent of all failures. In 1934, the number in the smallest group was consistently below the next size group. The spread was widest in July, 1934, when there were about three failures in the \$5,000-\$25,000 group for every two with less than



The decline during the first five months of 1936 has been greatest among failures with liabilities of less than \$5,000, but this group still remains above the level reached in the Summer of 1934.

\$5,000 liabilities. By the Summer of 1935, the order was reversed, but the two groups were little apart during that entire year. So far, during 1936, the smallest group has been consistently smaller, May recording the widest spread.

The number of failures with liabilities less than \$5,000 was lower in May, 1936, than in any month since September, 1934. Likewise, the group with liabilities over \$100,000 were less than any previous month, except April, 1936. The net result of this is to give the two intermediate size groups a larger proportion of the total than in any recent months.

The more detailed comparison by lines of industry, is presented in the table giving the May figures for the last three years, both by number and liabilities. The inequality of size is made extremely clear in the summary figures where, taking the two extremes, 41.2 per cent of the failures account for 5.8 per cent of the liabilities, and 1.7 per cent of the failures account for 44.5 per cent of the liabilities. This is not greatly different from the figures of two years ago, but is quite unlike

that of last May, when the largest failures represented little more than half the liabilities of the same group in the current month.

While retail trade undoubtedly dominates the failure records, its importance is greatest among the small failures. The following table shows for the current month the proportion of all failures which fall in retail trade for each size group:

	Per Cent
Under \$5,000.....	76.4
\$5,000—\$25,000 .....	60.2
\$25,000—\$100,000 .....	39.5
\$100,000 and over.....	21.4
Total.....	64.1

Retail trade is the only division of industry in which the number in the smallest size group exceeds the number in the \$5,000-\$25,000 group. Construction is at the other extreme. That this one group should report half of all the failures over \$100,000, is an unusual situation, explained by the fact that the total number in the construction group is small and the degree to which speculative building has led to large mortgage holdings by contractors. The liabilities of the seven large construction failures account for 28.2 per cent of those

for all the failures reported during the month, and 90.0 per cent of the liabilities in the construction group.

#### Geographical Distribution

The distribution of failures by Federal Reserve Districts shows the downward trend of all failures from last May as the result of decreases in eight of the twelve districts. San Francisco is the only district to record a steady decline over the two-year period. One district, Chicago, showed no change from a year ago. The remaining three districts which have increased in failures since last May were Philadelphia, Richmond and Minneapolis. The New York District was the only one to show a considerable increase in total liabilities, although Boston and St. Louis both also exceeded the records of May in the two previous years.

Distribution by States and sections shows contrary movements in evidence. For the country as a whole, the pattern is up for 1934 to 1935 and down in 1936. The South Atlantic, East North Central and Pacific States have been moving in directions contrary to this pattern.

Failures by Industrial Groups and Size of Liabilities—May, 1934-1936  
(Liabilities in thousands of dollars)

	1936				1935				1934			
	Number	Per Cent	Liabilities	Per Cent	Number	Per Cent	Liabilities	Per Cent	Number	Per Cent	Liabilities	Per Cent
Manufacturing .....	146	100.0	2,709	100.0	172	100.0	4,664	100.0	165	100.0	7,791	100.0
Under \$5,000.....	33	22.5	93	3.4	36	20.9	105	2.3	40	24.2	105	1.3
\$5,000—\$25,000 .....	82	56.2	880	32.5	100	58.1	1,180	25.3	77	46.7	824	10.6
\$25,000—\$100,000 .....	29	19.9	1,268	46.8	26	15.2	1,410	30.2	32	19.4	1,512	19.4
\$100,000 and over.....	2	1.4	468	17.3	10	5.8	1,069	22.8	16	9.7	5,350	68.7
Wholesale Trade.....	72	100.0	1,423	100.0	79	100.0	1,242	100.0	89	100.0	1,691	100.0
Under \$5,000.....	19	26.4	54	3.8	24	30.4	61	4.9	20	22.5	62	3.7
\$5,000—\$25,000 .....	37	51.4	430	30.2	41	51.9	422	34.0	50	56.2	544	32.1
\$25,000—\$100,000 .....	15	20.8	755	53.1	13	16.5	648	52.2	17	19.1	781	46.2
\$100,000 and over.....	1	1.4	184	12.9	1	1.2	111	8.9	2	2.2	304	18.0
Retail Trade.....	533	100.0	5,933	100.0	630	100.0	5,889	100.0	556	100.0	6,607	100.0
Under \$5,000.....	262	49.2	663	11.2	326	51.7	873	14.8	273	49.1	735	11.1
\$5,000—\$25,000 .....	234	43.9	2,340	39.4	264	41.9	2,660	45.2	234	42.1	2,399	36.3
\$25,000—\$100,000 .....	34	6.4	1,179	19.9	35	5.6	1,585	26.9	42	7.6	1,933	29.3
\$100,000 and over.....	3	.5	1,750	29.5	5	.8	771	13.1	7	1.2	1,540	23.3
Construction .....	46	100.0	4,816	100.0	56	100.0	1,461	100.0	68	100.0	2,146	100.0
Under \$5,000.....	17	37.0	42	.9	15	26.8	42	2.9	25	36.8	52	2.4
\$5,000—\$25,000 .....	17	37.0	216	4.5	26	46.4	297	20.3	27	39.7	857	39.9
\$25,000—\$100,000 .....	5	10.8	220	4.6	10	17.9	517	35.4	10	14.7	548	25.5
\$100,000 and over.....	7	15.2	4,338	90.0	5	8.9	605	41.4	6	8.8	689	32.2
Commercial Service.....	35	100.0	494	100.0	67	100.0	1,083	100.0	64	100.0	2,552	100.0
Under \$5,000.....	12	34.3	36	7.3	29	43.3	66	6.1	26	40.6	81	3.2
\$5,000—\$25,000 .....	19	54.3	207	41.9	25	37.3	257	23.7	16	25.0	203	8.0
\$25,000—\$100,000 .....	3	8.6	151	30.6	12	17.9	560	51.7	17	26.6	714	28.0
\$100,000 and over.....	1	2.8	100	20.2	1	1.5	200	18.5	5	7.8	1,554	60.8
Total .....	832	100.0	15,375	100.0	1,004	100.0	14,339	100.0	942	100.0	20,787	100.0
Under \$5,000.....	343	41.2	888	5.8	430	42.8	1,147	8.0	384	40.8	1,035	5.0
\$5,000—\$25,000 .....	389	46.8	4,073	26.5	456	45.4	4,816	33.6	404	42.9	4,827	23.2
\$25,000—\$100,000 .....	86	10.3	3,573	23.2	96	9.6	4,720	32.9	118	12.5	5,488	26.4
\$100,000 and over.....	14	1.7	6,841	44.5	22	2.2	3,656	25.5	36	3.8	9,437	45.4

The South Atlantic States decreased last May and increased this year. The East North Central showed a slight but continuous decrease over the three-year period.

Compared with last month, the geographical distribution indicates that for the Federal Reserve Districts, six moved up, five moved down, and one remained unchanged. The national total was approximately the same. The largest decreases were in New York and Atlanta, and the largest increases in St. Louis, which nearly doubled, and in Cleveland. The Boston District reversed its recent declining monthly movement with a slight increase. The State breakdown shows this taking place in Massachusetts.

In the State records, it is largely New England and the East North Central States that held up the total number of failures this month. In the East North Central section all States therein were up but Illinois, which showed a big drop. Only a part of this drop was in Chicago, as is seen from the table of failures by cities.

The Western States were fairly steady as a whole. The Middle Atlantic section declined. Within this section New York State registered a change of only two failures from last month, New Jersey dropped thirty cases, and Pennsylvania increased by thirteen cases, illustrating that there is no consistent movement even within a single section made up of similar industrial States. In the case of Pennsylvania, the number has increased steadily as follows:

February .....	48
March .....	52
April .....	63
May .....	76

This undoubtedly reflects the fact that the flood was most severely felt in that area. To a lesser degree, this is reflected in the figures for Massachusetts and Connecticut, as follows:

February .....	62
March .....	58
April .....	60
May .....	68

In the tabulation of failures in the twelve Federal Reserve Districts by divisions of industry the

## Failures by Federal Reserve Districts and States—May, 1934-1936

(Liabilities in thousands of dollars)

Districts	Number			Liabilities		
	1936	1935	1934	1936	1935	1934
Boston ..... (1) .....	87	111	91	1,660	1,618	1,060
New York ..... (2) .....	245	343	309	7,988	5,531	6,840
Philadelphia ... (3) .....	47	43	35	467	900	2,106
Cleveland ..... (4) .....	76	86	73	1,042	1,114	3,534
Richmond ..... (5) .....	44	26	63	611	443	1,702
Atlanta ..... (6) .....	17	38	19	150	284	181
Chicago ..... (7) .....	109	109	113	1,691	1,892	1,661
St. Louis ..... (8) .....	40	45	22	480	272	218
Minneapolis ... (9) .....	34	22	23	236	208	339
Kansas City... (10) .....	30	39	31	243	394	614
Dallas ..... (11) .....	13	30	18	76	335	166
San Francisco. (12) .....	90	112	145	731	1,348	2,366
<b>New England.....</b>	<b>91</b>	<b>116</b>	<b>95</b>	<b>1,887</b>	<b>1,645</b>	<b>1,066</b>
Maine .....	6	15	4	38	82	28
New Hampshire.....	4	5	3	86	84	30
Vermont .....	2	3	2	36	40	73
Massachusetts.....	48	62	61	1,214	1,201	776
Connecticut .....	20	22	13	467	194	114
Rhode Island.....	11	9	12	46	44	45
<b>Middle Atlantic.....</b>	<b>322</b>	<b>409</b>	<b>361</b>	<b>8,636</b>	<b>6,572</b>	<b>10,910</b>
New York.....	199	273	237	3,898	3,743	5,766
New Jersey.....	47	70	72	3,958	1,799	1,845
Pennsylvania .....	76	66	52	780	1,030	3,299
<b>East North Central.....</b>	<b>151</b>	<b>156</b>	<b>159</b>	<b>2,019</b>	<b>2,591</b>	<b>3,048</b>
Ohio .....	42	48	45	658	703	1,377
Indiana .....	14	12	17	155	341	211
Illinois .....	38	55	61	421	1,040	715
Michigan .....	27	15	16	545	249	396
Wisconsin .....	30	26	20	240	258	349
<b>West North Central.....</b>	<b>49</b>	<b>60</b>	<b>43</b>	<b>794</b>	<b>418</b>	<b>583</b>
Minnesota .....	16	10	13	117	81	285
Iowa .....	13	15	8	421	81	71
Missouri .....	9	21	10	125	117	117
North Dakota.....	3	1	1	30	1	5
South Dakota.....	2	2	1	8	82	2
Nebraska .....	4	7	7	78	27	55
Kansas .....	2	4	3	15	29	45
<b>South Atlantic.....</b>	<b>51</b>	<b>48</b>	<b>71</b>	<b>647</b>	<b>602</b>	<b>1,895</b>
Maryland .....	10	5	18	99	26	454
Delaware .....	..	..	1	..	..	30
District of Columbia.....	3	5	8	48	23	100
Virginia .....	11	5	16	226	100	79
West Virginia.....	6	4	14	28	182	295
North Carolina.....	12	9	9	154	114	886
South Carolina.....	2	..	..	32	..	..
Georgia .....	3	15	2	8	121	21
Florida .....	4	5	3	52	36	30
<b>East South Central.....</b>	<b>30</b>	<b>37</b>	<b>22</b>	<b>305</b>	<b>472</b>	<b>250</b>
Kentucky .....	13	14	6	113	276	60
Tennessee .....	10	12	9	120	138	158
Alabama .....	1	8	5	11	36	18
Mississippi .....	6	3	2	61	22	14
<b>West South Central.....</b>	<b>33</b>	<b>46</b>	<b>31</b>	<b>249</b>	<b>469</b>	<b>519</b>
Arkansas .....	7	7	6	95	26	45
Oklahoma .....	15	11	8	78	116	330
Louisiana .....	1	1	..	10	10	..
Texas .....	10	27	17	66	317	144
<b>Mountain .....</b>	<b>21</b>	<b>26</b>	<b>24</b>	<b>125</b>	<b>233</b>	<b>179</b>
Montana .....	3	4	4	19	16	13
Idaho .....	3	2	2	10	4	5
Wyoming .....	5	1	..	21	25	..
Colorado .....	6	14	9	47	178	127
New Mexico.....	2	1	2	25	3	10
Arizona .....	..	..	..	..	..	..
Utah .....	2	4	6	3	7	20
Nevada .....	..	..	1	..	..	4
<b>Pacific .....</b>	<b>84</b>	<b>106</b>	<b>136</b>	<b>713</b>	<b>1,337</b>	<b>2,337</b>
Washington .....	11	20	14	149	323	304
Oregon .....	12	24	18	82	304	236
California .....	61	62	104	483	710	1,797
<b>Total U. S. ....</b>	<b>832</b>	<b>1,004</b>	<b>942</b>	<b>15,375</b>	<b>14,339</b>	<b>20,787</b>



# Failures in Specified Cities—May, 1934-1936

(Liabilities in thousands of dollars)

City	Fed. Res. Dist.	Population (1930 Census)	Number			Liabilities		
			1936	1935	1934	1936	1935	1934
Baltimore .....	5	804,874	7	5	16	50	26	373
Boston .....	1	781,188	11	17	18	164	250	241
Buffalo .....	2	573,076	4	7	6	145	67	526
Chicago .....	7	3,376,438	31	28	43	346	662	537
Cincinnati .....	4	451,160	2	7	6	25	142	139
Cleveland .....	4	900,429	9	12	8	41	193	108
Detroit .....	7	1,568,662	18	3	7	320	23	320
Indianapolis .....	7	364,161	2	5	2	41	233	13
Jersey City .....	2	316,716	2	2	5	106	43	139
Kansas City, Mo. ....	10	399,746	..	1	2	..	8	9
Los Angeles .....	12	1,238,048	10	22	35	87	330	316
Louisville .....	8	307,745	3	1	..	12	3	..
Milwaukee .....	7	578,248	10	11	12	70	106	275
Minneapolis .....	9	464,356	8	..	7	75	..	113
Newark .....	2	442,337	15	24	23	343	521	443
New Orleans .....	6	458,762	..	..	..	..	..	..
New York City .....	2	6,930,446	144	212	174	1,030	3,149	3,548
Philadelphia .....	3	1,950,961	11	12	11	151	126	537
Pittsburgh .....	4	669,817	6	6	6	73	24	1,531
Portland, Ore. ....	12	301,815	8	14	6	50	235	161
Rochester .....	2	328,132	3	2	3	11	25	13
St. Louis .....	8	821,960	4	14	3	83	75	14
San Francisco .....	12	634,394	11	6	14	94	70	179
Seattle .....	12	365,583	3	3	6	15	12	234
Washington, D. C. ....	5	486,869	3	5	8	48	23	100
Total 25 cities .....			325	419	421	4,280	6,346	9,869
Balance of country ..			507	585	521	11,095	7,993	10,918
Total U. S. ....			832	1,004	942	15,375	14,339	20,787

New York District is found accounting for 29 per cent of all failures and for 52 per cent of all liabilities, followed by Chicago with 13 per cent of failures and 11 per cent of liabilities. New York holds its first place and Chicago its second place in manufacturing and retail trade, but Chicago is passed by Philadelphia and San Francisco in wholesale trade and by Boston in construction and commercial service.

The decrease in manufacturing was chiefly in the New York District, with a marked increase in such failures in the Chicago area.

The increase in retail failures over last month from 506 to 533 took place chiefly in the Cleveland, Richmond, St. Louis and Minne-

apolis Districts. They over-balanced large decreases in the Atlanta and Kansas City Districts.

The increase in failures in the building trades mentioned earlier took place in the Boston and New York Districts with very little change in the rest of the country.

## Failures by Cities

The number of failures in the twenty-five large cities has not only been less in each succeeding May over a period of three years, but the proportion of all failures taking place in these cities has likewise fallen. In May, 1934, 45 per cent was in these large cities, in May, 1935, 42 per cent, and in the present month only 38 per cent. Opposed to this general downward

movement some cities have registered fluctuations, notably Chicago, and San Francisco, which are higher this year than last; New York, Cleveland and St. Louis which were unusually high last year; and Detroit with a large increase this month.

To show more fully the extent of the downtrend, there were eleven cities this month where fewer than five failures in each instance appeared. In May, 1935, there were nine, while in 1934 only six.

Not only is there a decrease in the proportion of failures in cities, but there has been a considerable reduction in the amount of liabilities. Evidently the large failures have taken place outside of the large cities. In the current May, the average liabilities for a "city" failure was \$13,200, while the figure for the rest of the country was \$21,600. On the contrary, in the two earlier years, the May record showed a slightly larger average for city than for country failures.

The usual downward trend of all failures in May was carried out by the drop in failures in the large cities since April, but was reversed by an increase in the rest of the country. The first was a drop of 25 and the second an increase of 27. The trend in the large cities has been very definitely down since January, in spite of a slight increase in March, and failures therein are only two-thirds of what they were at the beginning of the year. Failures in the rest of the country have followed a less definite movement and now stand only 14 per cent lower than in January.

## Failures by Federal Reserve Districts by Divisions of Industry—May, 1936

(Liabilities in thousands of dollars)

District	Wholesale						Commercial				Total	
	Manufacturing		Trade		Retail Trade		Construction		Service			
	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.	No.	Liab.
Boston . . . . . (1) . . . . .	11	206	5	153	53	428	12	816	6	57	87	1,660
New York . . . . . (2) . . . . .	59	1,008	24	371	134	2,750	19	3,784	9	75	245	7,988
Philadelphia . . . . . (3) . . . . .	12	119	9	152	25	190	..	..	1	6	47	467
Cleveland . . . . . (4) . . . . .	12	95	3	127	53	652	4	40	4	128	76	1,042
Richmond . . . . . (5) . . . . .	7	115	3	194	32	290	2	12	..	..	44	611
Atlanta . . . . . (6) . . . . .	2	16	3	39	11	58	..	..	1	37	17	150
Chicago . . . . . (7) . . . . .	27	877	7	111	66	489	4	86	5	128	109	1,691
St. Louis . . . . . (8) . . . . .	3	101	3	26	33	303	1	50	..	..	40	480
Minneapolis . . . . . (9) . . . . .	..	..	4	30	28	194	..	..	2	12	34	236
Kansas City . . . . . (10) . . . . .	3	60	3	31	22	145	..	..	2	7	30	243
Dallas . . . . . (11) . . . . .	..	..	..	..	12	61	1	15	..	..	13	76
San Francisco . . . . . (12) . . . . .	10	112	8	189	64	373	3	13	5	44	90	731
Total U. S. . . . .	146	2,709	72	1,423	533	5,933	46	4,816	35	494	832	15,375

# MARKETING TRENDS

**R**ETAIL distribution in May continued at a substantially higher turnover than in the corresponding month of last year, while the volume of sales in most instances showed improvement over the April records instead of the usual seasonal falling off. The weather during the greater part of last month was generally favorable and, with few exceptions, the movement of early Summer merchandise reached the best level in years.

Industrial production, generally, showed further expansion over the high levels recorded in April. Farmers' cash income, likewise, continued to increase during April, the total income for the first four months of 1936 reaching the highest in the past six years. An encouraging feature of the rise in trade is the spreading of the gains over practically all sections of the country, indicating an apparent substantial upturn in consumer purchasing power.

## Department Store Sales Expand

Department store sales increased from April to May, although a decline is usual at this season, according to the preliminary report of the Federal Reserve Board. The seasonally adjusted index rose to 86.3 on the basis of 1929-1931 as 100. This was the same as the March figure and compared with 79.5 in April and 74.6 for May, 1935. The aggregate value of sales for May was reported 12 per cent larger than a year ago, while for the first

five months of 1936 the increase was 9 per cent.

Daily average sales of variety stores for May were about 15 per cent higher in dollar volume than for May, 1935, and were 10 per cent above the same month of 1934, according to the preliminary estimates of the Bureau of Foreign and Domestic Commerce. As compared with April of this year, daily average sales for May showed an

113.5 from 110.0 in April and 106.5 for March.

## Mail Order Sales at Peak

Sales of the two leading mail-order houses for the May period were reported the best in history, the increase over a year ago being 30.2 per cent. The first twenty-eight chain concerns reporting for May showed an increase of 11.1 per cent over May, 1935. The combined dollar volume of chain stores and mail-order houses was 16.4 per cent above May a year ago, as compared with a 10.3 per cent increase reported in April over last year.

The summary of reports from the various offices of Dun & Bradstreet, Inc., revealed a continuance of the improvement of earlier months in both trade and collections. In the wholesale division, 99 cities reported Good sales in May, while Fair

sales were reported by 50 and 3 had Quiet sales. This contrasted with 96 Good, 63 Fair and 2 Quiet during April.

Retail trade expanded to a greater degree than did wholesale business. There were 116 Good reports for retail trade in May, with 42 Fair and 3 Quiet, as compared with 104 Good, 54 Fair and 3 Quiet in April.

Collections improved last month, with more Good reports and fewer Slow reports since last December. The May summary showed 59 Good, 95 Fair and 7 Slow, while the April exhibit revealed 52 Good, 101 Fair and 8 Slow.

## ADJUSTED INDEXES OF RETAIL SALES

(1929-1931 = 100)

	* Department Stores	† General Merchandise	‡ 5c. and 10c. Variety Stores	§ New Passenger Automobiles
1936				
May .....	86.3	113.5	99.0	.....
April .....	79.5	110.0	95.0	92.5
March .....	86.3	106.5	93.5	101.0
February .....	78.5	93.0	88.0	89.5
January .....	77.5	96.5	91.0	102.0
1935				
December .....	82.4	110.0	96.5	106.5
November .....	79.5	103.5	93.7	113.5
October .....	75.5	104.5	92.0	82.0
September .....	79.5	105.0	91.8	79.0
August .....	76.5	93.0	89.6	75.0
July .....	78.5	97.0	92.1	81.0
June .....	78.5	99.5	90.7	78.5
May .....	74.6	93.0	86.0	70.0
April .....	71.6	101.0	90.6	78.5
March .....	80.4	97.5	93.0	94.5
February .....	73.6	90.5	90.8	86.5
January .....	72.6	87.5	90.2	75.0

\* Compiled by the Federal Reserve Board.

† Compiled by the Department of Commerce.

increase of 3.5 per cent or more than the estimated seasonal amount. The seasonally adjusted index, therefore, rose to 99.0 for May from 95.0 for April and 93.5 for March. The aggregate value of sales for the first five months of the year was 3 per cent above that for the same period of last year.

Rural retail sales of general merchandise were about 21.5 per cent higher in dollar volume than for May, 1935. The increase over April was about 1 per cent, in contrast to the usual decline at this season of the year. This lifted the seasonally adjusted index for May to

# THE TREND OF PRICES

THE general average of wholesale commodity prices during May continued the decline of recently preceding months. This was due largely to the further weakness in prices of breadstuffs, livestock and foods.

## Dun & Bradstreet Continues Off

The Dun & Bradstreet Monthly Wholesale Commodity Price Index registered a drop of 0.8 per cent from May 1 to June 1. This was the sixth successive monthly decline and brought the latest index to \$9.7374, the lowest recorded since April 1, 1935. Moreover, the June 1 figure shows a loss of 1.7 per cent as compared with the same month of 1935. This was the first decrease from the comparative figure of the preceding year that has been recorded since April 1, 1933, which period marked the low of the depression.

Groups	June 1, 1936	May 1, 1936	June 1, 1935
Breadstuffs	\$0.0954	\$0.1001	\$0.1067
Livestock	.3285	.3571	.3168
Provisions	2.7667	2.7879	2.8079
Fruits	.2213	.2238	.2041
Hides and Leather	.9575	.9775	.9825
Textiles	2.7166	2.6945	2.7264
Metals	.7174	.7349	.7735
Coal and Coke	.0113	.0112	.0107
Oils	.5032	.5097	.5313
Naval Stores	.1084	.1086	.1287
Building Materials	.1134	.1126	.1116
Chemicals and Drugs	.8461	.8461	.8478
Miscellaneous	.3516	.3551	.3590
Total All	\$9.7374	\$9.8191	\$9.9070

Nine of the principal groups comprising the index declined during May, while only three advanced and one remained unchanged. Price changes in the individual commodities from May 1 to June 1 showed only 18 advances, against 28 declines and 50 unchanged.

## Dun's Index Further Reduced

The persistent downtrend during the past three months reduced Dun's Index Number of Wholesale Commodity Prices to \$172.136 on June 1. This was a loss of 0.8 per cent from the May 1 index of \$173.485, and marked the lowest position that has been recorded since September 1, 1935, when it stood at \$170.859. The decline was due almost entirely to the break in grains and the continued weakness of meat prices, as the changes in other commodity groups were relatively unimportant. The latest index reflected a drop of 1.2 per cent from the June 1, 1935, figure of \$174.314.

	June 1, 1936	May 1, 1936	April 1, 1936	June 1, 1935
Breadstuffs	\$22.628	\$23.681	\$23.369	\$26.121
Meat	17.288	18.724	19.881	23.068
Dairy and Garden	22.518	21.396	18.985	18.761
Other Food	17.271	17.272	17.271	17.288
Clothing	29.600	29.768	30.560	28.602
Metals	23.099	23.122	24.328	21.999
Miscellaneous	39.732	39.522	39.255	38.475
Total	\$172.136	\$173.485	\$173.649	\$174.314

## Food Price Trend Lower

The continued weakness in wholesale food prices was reflected in the Dun & Bradstreet Weekly Food Index, which fell to \$2.52 for the week ended May 19, or the lowest since December, 1934. The latest figure, for the period ended June 2, stood at \$2.54, a slight increase over the year's low point, but a decline of 24c., or 8.7 per cent from the 1936 high of \$2.76, recorded in the first week of this year.

The Weekly Food Index is the sum total of the price per pound of 31 articles in common use. Comparisons for recent weeks and years are given herewith:

	1936	1935	1934	1933	1932
June 2	\$2.54	\$2.60	\$2.14	\$1.87	\$1.61
May 26	2.55	2.60	2.11	1.87	1.63
May 19	2.52	2.61	2.11	1.84	1.65
May 12	2.54	2.61	2.09	1.86	1.67
May 5	2.58	2.62	2.10	1.80	1.68

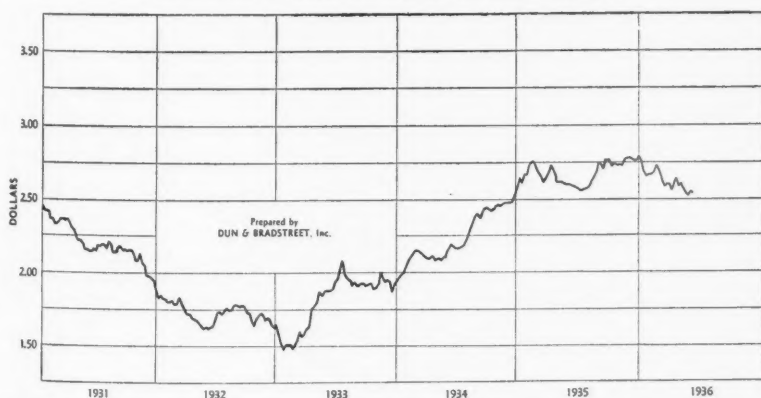
## Daily Commodity Index

Daily fluctuations in the Dun & Bradstreet Daily Weighted Price Index since January 1, 1936, are set forth below:

(1930-1932 = 100)					
1936					
May	Apr.	Mar.	Feb.	Jan.	
1.... 119.26	120.04	121.63	121.86	Holiday	
2.... 119.27	119.81	121.63	121.86	122.40	
3.... 119.27	119.81	121.63	121.86	122.40	
4.... 118.91	119.71	121.72	121.90	122.40	
5.... 118.54	121.42	122.11	122.11	122.40	
6.... 118.70	119.76	120.65	122.07	122.28	
7.... 117.94	119.87	121.53	121.67	121.42	
8.... 117.34	120.11	121.71	121.71	121.80	
9.... 117.51	120.48	120.93	121.93	121.04	
10.... 116.60	Holiday	121.00	122.37	121.11	
11.... 116.28	121.66	121.66	Holiday	121.11	
12.... 116.11	121.09	121.48	122.64	120.82	
13.... 116.19	121.56	121.30	122.97	120.56	
14.... 116.00	121.42	123.31	123.31	120.29	
15.... 116.84	120.82	121.37	121.37	120.33	
16.... 121.14	121.12	122.31	122.31	120.28	
17.... 116.73	121.41	120.72	123.03	120.88	
18.... 116.28	120.85	120.85	123.40	123.40	
19.... 116.70	121.05	120.64	123.03	121.23	
20.... 116.85	120.93	120.07	122.70	121.20	
21.... 116.65	121.56	121.56	Holiday	121.61	
22.... 116.34	121.27	120.31	121.65	122.14	
23.... 116.61	120.85	120.49	121.42	122.19	
24.... 115.87	120.39	121.70	121.70	122.61	
25.... 115.13	119.99	120.22	121.91	122.38	
26.... 115.38	119.81	120.50	121.87	122.13	
27.... 115.61	119.36	120.29	121.81	121.84	
28.... Holiday	119.44	120.29	121.81	121.60	
29.... 119.93				121.60	

1936			
High	Low	High	Low
1936.... 123.40	Feb. 19	115.13	May 27
1935.... 124.83	Oct. 8	116.22	Mar. 18
1934.... 121.58	Dec. 31	101.05	Jan. 3
1933.... 113.52	July 18	67.86	Jan. 20
1932.... 84.41	Jan. 7	69.55	Dec. 24

DUN & BRADSTREET WEEKLY FOOD INDEX



The chart depicts the weekly trend in wholesale food prices. The persistent irregular decline since the beginning of the year is reflected in the drop in the index to the lowest in seventeen months, 1932.



# GRAPHIC REVIEWS

## ELECTRIC REFRIGERATORS

AS in the preceding months of this year, April sales of household electric refrigerators broke all previous records for the month and also established a new all-time high monthly record, according to preliminary estimates by the *Electric Refrigeration News*. Industry sales to dealers and distributors during April reached a total of 313,800 refrigerators, compared with 279,100 in April a year ago and 255,400 in April, 1934, increases of 12.4 and 22.9 per cent, respectively.

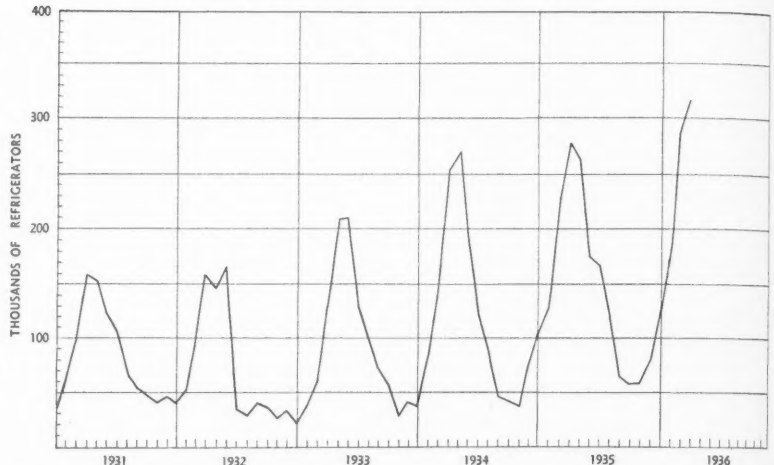
### Sales of Household Electric Refrigerators \*

	1936	1935	1934	1933
January ..	125,400	103,400	38,000	19,400
February ..	186,200	128,400	82,500	36,200
March .....	285,900	228,000	149,000	59,200
April .....	313,800	279,100	255,400	127,400
May .....		261,100	268,600	208,200
June .....		174,860	187,600	208,700
July .....		167,000	122,400	127,300
August .....		120,700	87,700	98,100
September .....		63,852	46,300	72,300
October .....		56,690	41,000	56,700
November .....		57,027	35,700	27,900
December .....		79,240	75,800	39,300
Total.....	1,719,369	1,390,600	1,080,700	

\* Source: *Electric Refrigeration News*.

The April total brought the sales for the first four months of the year to a new high record also. The cumulative sales for the year to date, aggregating 911,300 refrigerators, exceeded the total for the entire year 1932, and indicate a gain of 23.3 per cent over the

## HOUSEHOLD ELECTRIC REFRIGERATOR SALES



New all-time peaks were established during April and the first four months of 1936 in the sale of household electric refrigerators. Total sales for the year to date exceeded last year by 23.3 per cent.

first four months of 1935. It is significant also that all records were broken in the shipment of household washers and ironers during the first four months of 1936, according to the American Washing Machine Association.

The following table gives the sales of household electric refrigerators for April and the four months of the past few years:

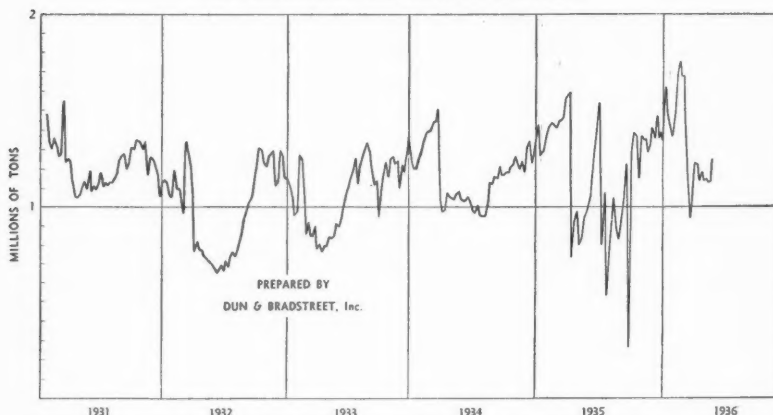
	April	Four Months	% Change Previous Year
1936 .....	313,800	911,300	+ 23.3
1935 .....	279,100	738,900	+ 40.8
1934 .....	255,400	524,900	+ 116.7
1933 .....	127,400	242,200	- 29.1
1932 .....	158,300	341,800	+ 2.5
1931 .....	159,500	333,500	+ 14.8
1930 .....	121,000	290,500	....

## BITUMINOUS COAL OUTPUT

BITUMINOUS coal production during May continued to decline, the total for the month amounting to 28,678,000 tons, against 30,318,000 in April, or a loss of 1,640,000 tons. The May output, however, compared with 26,849,000 in the same month of last year. This was an increase of 1,829,000 tons, or 6.3 per cent.

For the elapsed five months of 1936, the aggregate production of bituminous coal reached 170,934,000 tons, representing an increase of 7.4 per cent over a year ago.

## BITUMINOUS COAL PRODUCTION



The chart shows the weekly movement of daily average production. The daily average rate during May was considerably under the first two months of this year, but was slightly above the same month a year ago.

### Monthly Bituminous Production \*

	1936	1935	1934
Jan. ...	39,330,000	36,681,100	33,459,000
Feb. ...	41,375,000	34,834,000	32,660,000
Mar. ...	31,233,000	38,701,000	38,475,000
Apr. ...	30,318,000	21,970,000	24,661,000
May ...	28,678,000	26,849,000	27,445,000
June .....		30,067,000	26,898,000
July .....		22,252,000	24,851,000
Aug. ....		26,112,000	27,500,000
Sept. ....		24,944,000	27,908,000
Oct. ....		37,664,000	33,008,000
Nov. ....		33,285,000	30,977,000
Dec. ....		34,829,000	32,526,000
Total .....	368,188,000	359,368,000	

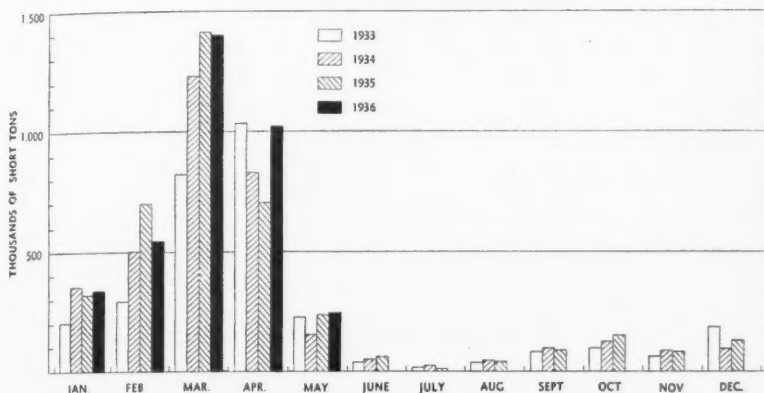
### Weekly Bituminous Production \*

	1936	1935	1934
May 30 ...	1,255,000	1,280,000	1,083,000
May 23 ...	1,135,000	1,065,000	1,060,000
May 16 ...	1,126,000	979,000	1,038,000
May 9 ...	1,143,000	943,000	1,040,000
May 2 ...	1,141,000	832,000	1,052,000
Apr. 25 ...	1,186,000	805,000	1,057,000
Apr. 18 ...	1,131,000	981,000	981,000
Apr. 11 ...	1,223,000	920,000	980,000

\* Source: U. S. Bureau of Mines.

# OF MAJOR TRENDS

## FERTILIZER CONSUMPTION



Sales of fertilizer in April and May were aided by the delayed planting season in the South. May sales were the largest for the month in over eleven years, and showed a gain of 5 per cent over May, 1935.

## FERTILIZER TAX TAG SALES

THE effect of the delayed planting season in the South, which had resulted in unusually large fertilizer tax tag sales in April, continued in May, when sales were the largest for the month for which data are available. According to the compilation made by The National Fertilizer Association on the basis of reports from the various States, May sales aggregated 249,386 tons in the twelve reporting Southern States. This represented increases of 5 per cent over May, 1935, and 62 per cent above the corresponding month two years ago.

Monthly sales of fertilizer tax tags in the twelve Southern States, compiled by the National Fertilizer Association, follow:

(Figures in short tons)			
	1936	1935	1934
January ...	341,793	321,130	358,874
February ...	546,724	699,924	501,653
March ...	1,404,229	1,414,925	1,234,443
April ...	1,023,860	704,348	763,746
May ...	249,386	236,766	154,054
June ...		65,829	50,285
July ...		16,772	25,965
August ...		44,475	47,884
September ...		94,808	100,872
October ...		151,270	126,334
November ...		85,632	87,573
December ...		123,807	97,664
Total.....	3,959,686	3,549,307	

Sales in the first five months of this year totalled 3,566,509 tons, 6 per cent larger than in the corresponding period of 1935. With the

exception of Virginia and Oklahoma, which reported small declines, all of the Southern States have had larger sales this year than last.

Following are the total sales of fertilizer tax tags in the twelve Southern States for the first five months of the past three years:

January to May (Figures in short tons)			
	1936	1935	1934
Virginia .....	257,908	260,287	236,640
North Carolina ..	914,815	903,837	796,809
South Carolina ..	568,057	561,717	522,247
Georgia .....	644,172	597,743	530,986
Florida .....	230,076	204,695	196,849
Alabama .....	450,750	408,650	347,050
Mississippi .....	222,044	198,465	157,697
Tennessee .....	88,340	74,946	75,553
Arkansas .....	43,706	35,905	40,820
Louisiana .....	88,434	73,289	55,125
Texas .....	53,277	51,820	48,315
Oklahoma .....	4,930	5,609	4,680
Total.....	3,566,509	3,376,963	3,012,771

## FREIGHT CARLOADINGS

FREIGHT carloadings showed a consistent seasonal improvement since last March, with the average increase over a year ago rising from about 12 per cent during April to about 16 per cent in the month of May.

Loadings for the week ended May 23 reached the highest since last October, according to the Association of American Railroads. In the final week of May loadings fell to 646,859 cars, due to the Memorial Day holiday. The total, however, was 15 per cent above the corresponding week of 1935. For the year to date, the increase in total loadings over a year ago amounts to 8.7 per cent.

Carloadings by commodity groups for the first twenty-two weeks of 1936 and 1935, follow:

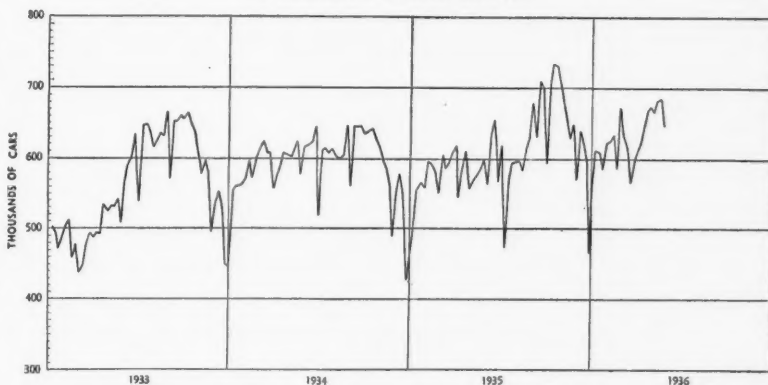
	1936	1935	Change P. C.
Miscellaneous freight	5,448,073	4,856,244	+12.2
Merchandise (L.C.L.)	3,360,270	3,398,120	-1.1
Coal .....	2,917,821	2,692,187	+8.4
Forest products.....	643,563	528,305	+21.8
Ore .....	297,130	223,639	+32.9
Coke .....	186,958	146,777	+27.4
Grain & grain products	685,784	569,953	+20.3
Livestock .....	264,259	279,769	-5.5
Total (22 weeks) ..	13,803,858	12,694,994	+8.7

## Carloadings by Weeks \*

	1936	1935	1934
May 30.....	646,859	562,682	579,656
May 23.....	683,406	598,396	625,990
May 16.....	681,447	582,950	612,331
May 9.....	668,935	575,020	602,798
May 2.....	671,154	568,927	605,246
Apr. 25.....	666,181	558,936	609,704
Apr. 18.....	642,657	611,141	591,705
Apr. 11.....	622,138	586,568	579,981

\* Source: Association of American Railroads.

## FREIGHT CARLOADINGS



Although the Memorial Day holiday affected carloadings in the last week of May, the total for the month showed a moderate increase over April and a gain of 16 per cent over the corresponding month last year.

# GRAPHIC REVIEWS

## BUILDING CONTINUES ACTIVE

**A**CTIVITY in the building industry during May was well maintained at a level only slightly lower than in the normally peak month of April.

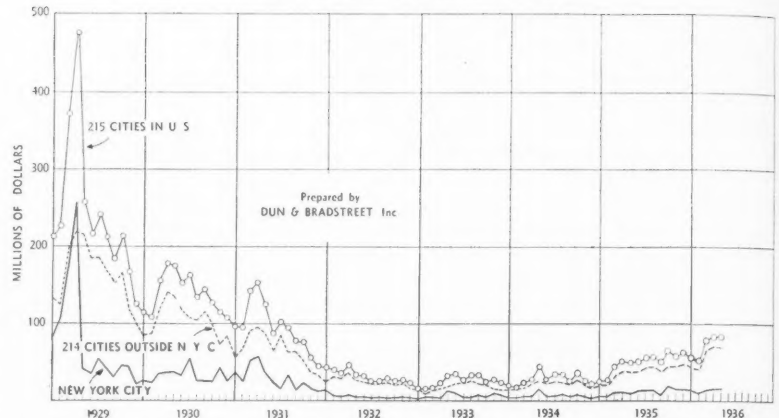
Permits issued in May for new work, alterations and repairs in 215 cities of the United States amounted to \$82,517,596, against \$83,903,095 in the preceding month and \$49,327,248 in the corresponding month a year ago. The margin of increase over last year continued large, amounting to 67.3 per cent in May, as against a rise of 62.4 per cent in April.

The group totals of building permit values for the 215 cities for May, this year and last, together with percentage changes, are shown in the following table:

Groups	May, 1936	May, 1935	Change P. Ct.
New England...	\$5,034,369	\$3,409,874	+ 47.7
Middle Atlantic	28,259,454	15,511,312	+ 82.2
South Atlantic	8,835,879	6,882,479	+ 28.4
East Central...	13,374,990	7,677,178	+ 74.2
South Central...	7,674,460	3,856,017	+ 99.0
West Central...	4,264,021	3,520,504	+ 21.1
Mountain .....	1,254,482	1,200,789	+ 4.5
Pacific .....	13,819,932	7,269,095	+ 90.1
Total U. S. ...	\$82,517,596	\$49,327,248	+ 67.3
New York City	\$18,292,682	\$11,366,418	+ 60.9
Outside N. Y. C.	\$64,224,914	\$37,960,830	+ 69.2

The showing at New York City last month was considerably better than in the outside cities. Permit valuations for the five boroughs of New York City increased 34.6 per cent, from \$13,592,566 in April to \$18,292,682 for May, whereas the

## BUILDING PERMIT VALUES



Building continued at a fairly active pace during May. The decline of 1.7 per cent in permit values from the preceding month compared with a decrease of about 6.5 per cent normally expected for the period.

building volume for the 214 outside cities declined 8.7 per cent, from \$70,310,529 in April to \$64,224,914 during May. Gains and losses in the geographical groups were evenly divided, four advancing and four declining as compared with April, while comparison with May, 1935, revealed large increases in practically all groups.

### Building Permit Values (Monthly)

	(215 Cities)	1936	1935	1934
Jan. ....	\$54,957,904	\$26,826,268	\$20,825,055	
Feb. ....	51,559,661	27,636,367	19,326,964	
Mar. ....	78,072,223	45,063,852	25,505,005	
April ....	83,903,095	51,717,570	29,280,666	
May ....	82,517,596	49,327,248	43,825,268	
June ....	.....	52,672,794	28,621,565	
July ....	.....	54,191,787	33,899,650	
Aug. ....	.....	55,536,546	34,452,738	
Sept. ....	.....	47,479,944	26,567,925	
Oct. ....	.....	66,965,705	37,501,122	
Nov. ....	.....	56,276,588	27,459,066	
Dec. ....	.....	62,992,039	21,125,723	
Total ...	.....	\$596,686,708	\$348,390,747	

## RECORD CIGARETTE OUTPUT

**C**IGARETTE production continues at a record rate, the output for April again setting a new all-time high for that month. Rising to 11,868,891,000, the April figure compared with 10,696,782,000 for the same month last year, or a gain of 11.0 per cent. This brought the cumulative total for the first four months of 1936 to the highest in the history of the industry. Production for the four months aggregated 46,553,166,000, an increase of 12.1 per cent over the same period of 1935. This rise was more than double the 5.2 per cent increase shown in the comparison for the similar periods of 1935 and 1934.

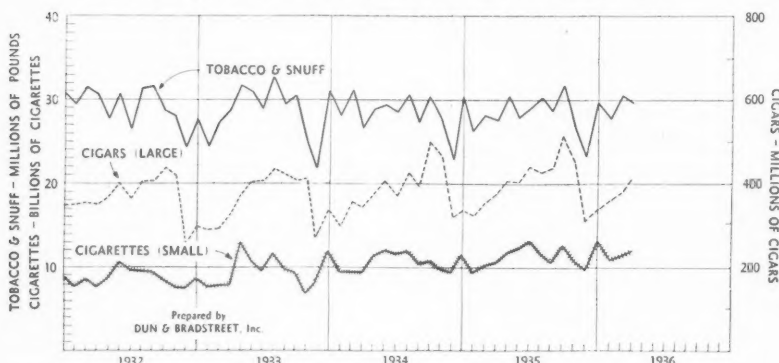
Cigar production for April and the first four months of 1936 was the largest since 1931.

### Production of Tobacco Products \*

	(Figures in Thousands)	Cigarettes (Small)	Cigars (Large)	Tobacco and Snuff (Pounds)
1936				
April .....	11,868,891	411,606	29,254	
March .....	11,193,047	377,167	30,315	
February .....	10,766,370	356,624	27,919	
January .....	12,724,858	336,579	29,490	
1935				
December .....	9,840,823	312,974	23,096	
November .....	10,801,259	457,299	26,687	
October .....	12,710,887	524,399	31,916	
September .....	10,774,083	430,959	28,984	
August .....	11,974,831	422,282	30,212	
July .....	13,138,287	432,159	29,066	
June .....	12,119,688	402,272	27,879	
May .....	11,708,756	407,731	30,603	
April .....	10,696,782	373,673	27,689	
March .....	10,199,612	351,694	27,970	
February .....	9,306,199	320,864	26,103	
January .....	11,336,532	327,578	30,120	

\* Source: U. S. Treasury Department.

## CIGAR, CIGARETTE AND TOBACCO PRODUCTION

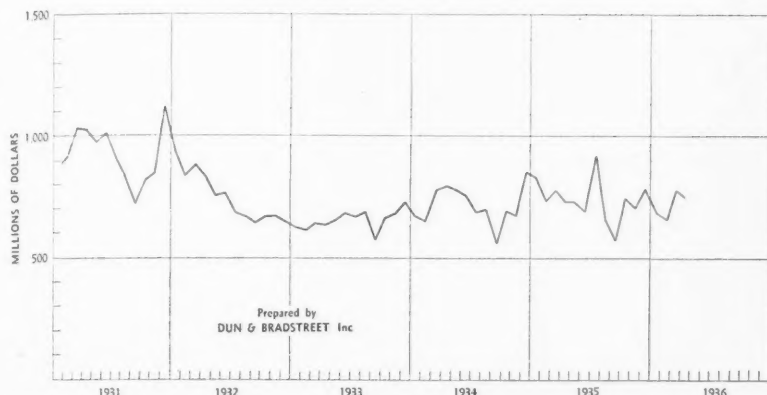


Output of cigarettes for April and for the first four months of the year was the highest for any similar period in the history of the industry. Production for the four months increased 12.1 per cent over 1935.



# OF MAJOR TRENDS

## NEW LIFE INSURANCE SALES



New life insurance sales in March and April gained slightly over last year, but owing to declines in January and February, the aggregate for the first four months of 1936 decreased 5.9 per cent from 1935.

### NEW LIFE INSURANCE SALES

THE trend in new life insurance written has failed to record the improvement that has been registered in other lines of trade and industry. While the sales figures for March and April were slightly ahead of those of a year ago, the totals for January and February were considerably below the comparative months of last year, resulting in a decrease of 5.9 per cent for the first four months of 1936 as compared with the corresponding period of 1935.

April production of new life insurance, as reported by the Association of Life Insurance Presidents, totalled \$743,945,000 against \$733,870,000 in April of 1935, a gain of 1.4 per cent.

### New Life Insurance Sales \*

	1936	1935	1934
Jan. . .	\$681,506,000	\$824,903,000	\$665,457,000
Feb. . .	665,140,000	719,598,000	648,073,000
Mar. . .	775,982,000	768,491,000	787,628,000
Apr. . .	743,945,000	733,870,000	794,495,000
May . .	.....	732,188,000	791,544,000
June . .	.....	697,491,000	762,490,000
July . .	.....	904,149,000	694,259,000
Aug. . .	.....	651,193,000	699,879,000
Sept. . .	.....	573,481,000	551,556,000
Oct. . .	.....	728,438,000	694,718,000
Nov. . .	.....	700,059,000	676,757,000
Dec. . .	.....	788,003,000	838,576,000
Total . . .	.....	\$8,821,844,000	\$8,605,432,000

\* Source: Association of Life Insurance Presidents.

Ordinary life policies, which make up the bulk of insurance written, amounted to \$462,376,000 in April, a loss of 1.2 per cent from

a year ago. Industrial insurance totalled \$244,356, an increase of 7.1 per cent, while group insurance at \$37,213,000 showed a drop of 0.8 per cent.

For the first four months, the total new business aggregated \$2,866,573,000. This was smaller than 1935 and 1934, but 15.0 per cent above the 1933 total.

Comparisons for April and the four months follow:

	April	Four Months	Compared Previous Year
1936 . . .	\$743,895,000	\$2,866,573,000	- 5.9
1935 . . .	733,870,000	3,046,862,000	+ 5.2
1934 . . .	794,495,000	2,895,653,000	+16.1
1933 . . .	628,778,000	2,493,348,000	-28.4
1932 . . .	822,367,000	3,486,031,000	- 9.4
1931 . . .	1,023,021,000	3,849,007,000	+12.8
1930 . . .	1,193,547,000	3,412,696,000	-20.4
1929 . . .	1,120,910,000	4,285,799,000	+ 8.2
1928 . . .	1,031,035,000	3,961,909,000	+ 3.2

## ELECTRICITY PRODUCTION

THE average daily production of electricity for public use in the United States during April amounted to 295,700,000 kilowatt-hours, according to the U. S. Geological Survey. This represented an increase of 3.0 per cent above the average daily production in March, whereas the normal change for the period is a reduction of 1.0 per cent. Total output for April was 8,869,855,000 kilowatt-hours, a rise of 13.0 per cent over the corresponding month a year ago.

### Monthly Electricity Production \*

	1936	1935	1934	1933
January . . .	9,246	8,354	7,651	6,965
February . . .	8,599	7,491	7,066	6,297
March . . . .	8,905	8,008	7,735	6,687
April . . . . .	8,870	7,816	7,458	6,478
May . . . . .	.....	8,022	7,704	7,013
June . . . . .	.....	7,875	7,490	7,242
July . . . . .	.....	8,373	7,617	7,491
August . . . .	.....	8,576	7,722	7,888
September . .	.....	8,206	7,207	7,350
October . . . .	.....	8,847	7,833	7,479
November . . .	.....	8,690	7,609	7,243
December . . .	.....	9,139	8,058	7,470
Total . . . . .	.....	99,397	91,150	85,403

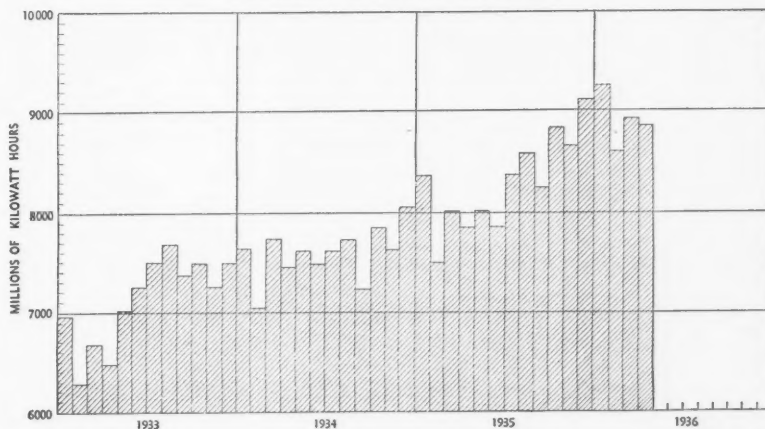
\* Source: U. S. Geological Survey.

### Weekly Electricity Output \*

	1936	1935	1934
May 30 . . . .	1,922,108	1,628,520	1,576,000
May 23 . . . .	1,954,830	1,696,051	1,655,000
May 16 . . . .	1,961,964	1,700,022	1,650,000
May 9 . . . . .	1,947,771	1,701,702	1,643,000
May 2 . . . . .	1,928,803	1,679,178	1,633,000
Apr. 25 . . . .	1,932,797	1,673,295	1,669,000
Apr. 18 . . . .	1,914,710	1,701,945	1,673,000
Apr. 11 . . . .	1,933,610	1,725,352	1,642,000
Apr. 4 . . . . .	1,916,483	1,700,334	1,617,000

\* Source: Edison Electric Institute.

## ELECTRIC POWER PRODUCTION



The total production of electricity for public use during April registered a slight decrease from the preceding month. The daily average output for April, however, exceeded that for March by 3.0 per cent.

# MAY BUILDING PERMIT VALUES FOR 215 CITIES

THE detailed report of building permit values for May, 1936 and 1935, and for April, 1936, as reported to Dun & Bradstreet, Inc., follows:

	May, 1936	May, 1935	April, 1936	Mid. Atlantic (Cont.)	May, 1936	May, 1935	April, 1936	South Central	May, 1936	May, 1935	April, 1936
<b>New England</b>											
Boston .....	\$1,261,619	\$1,463,813	\$990,241	New Brunswick .....	\$17,118	\$29,493	\$27,034	Abilene .....	\$19,242	\$11,765	\$84,685
Bridgeport .....	122,426	92,389	107,940	New Rochelle .....	122,384	46,366	407,811	Amarillo .....	13,666	25,211	144,471
Brockton .....	26,875	26,815	17,050	Niagara Falls .....	210,863	99,905	126,367	Austin .....	379,272	658,030	342,107
Burlington, Vt. ....	136,405	16,975	33,919	Philadelphia .....	3,109,810	682,860	3,710,280	Beaumont .....	92,072	61,843	69,663
Cambridge .....	149,258	47,625	47,268	Pittsburgh .....	872,247	598,567	1,416,018	Birmingham .....	154,970	87,108	139,626
Chelsea .....	7,330	11,670	12,460	Poughkeepsie .....	35,000	31,450	40,045	Chattanooga .....	181,862	88,037	130,040
Everett .....	7,213	9,367	8,275	Reading .....	38,585	38,280	64,665	Dallas .....	846,192	304,105	1,313,628
Fall River .....	35,695	16,422	34,029	Rochester .....	1,406,195	190,876	188,620	El Paso .....	107,561	24,747	117,370
Fitchburg .....	41,365	8,400	27,413	Schenectady .....	62,368	61,763	285,158	Fort Smith .....	35,983	29,821	47,885
Greenwich .....	222,180	95,745	271,025	Seranton .....	40,211	36,306	1,123,915	Fort Worth .....	1,391,474	115,200	584,610
Hartford .....	349,417	124,736	223,279	Syracuse .....	210,508	117,550	268,443	Galveston .....	37,670	43,811	70,805
Haverhill .....	11,130	21,620	8,925	Troy .....	75,453	61,995	39,210	Houston .....	844,525	644,974	1,240,205
Holyoke .....	219,500	11,775	167,700	Utica .....	42,450	11,135	51,500	Jackson .....	402,700	64,750	225,620
Lawrence .....	44,920	26,000	138,100	Watertown .....	44,738	18,070	6,765	Knoxville .....	205,936	69,452	193,336
Lowell .....	221,327	13,805	43,402	White Plains .....	140,600	35,310	367,237	Little Rock .....	48,834	53,318	44,813
Lynn .....	30,610	35,169	38,682	Wilkes-Barre .....	36,566	69,971	73,898	Memphis .....	819,780	184,990	564,980
Manchester .....	54,955	39,130	37,876	Williamsport .....	73,596	39,367	124,178	Mobile .....	40,112	44,407	20,310
Medford .....	46,345	16,665	20,795	Wilmington .....	266,205	120,672	185,384	Montgomery .....	89,900	66,385	61,920
New Bedford .....	28,275	25,750	39,885	Yonkers .....	999,445	236,480	288,375	Muskogee .....	2,560	7,853	9,388
New Britain .....	43,407	18,331	70,019	York .....	29,226	29,991	67,718	Nashville .....	384,980	461,286	659,717
New Haven .....	116,559	50,395	116,144	<b>Total</b> .....	\$28,259,454	\$15,511,312	\$26,928,382	New Orleans .....	199,565	180,811	337,915
Newton .....	287,597	281,562	427,867	<b>South Atlantic</b>				Oklahoma City .....	276,590	158,985	680,079
Norwalk .....	46,635	38,475	128,840	Asheville .....	\$154,839	\$87,751	\$66,420	Port Arthur .....	98,609	29,057	78,847
Portland, Me. ....	82,785	71,155	66,652	Atlanta .....	667,246	214,602	354,833	San Angelo .....	30,385	4,505	5,530
Providence .....	276,200	198,450	315,400	Augusta .....	46,557	16,937	21,030	San Antonio .....	560,591	201,991	299,951
Quincy, Mass. ....	88,980	64,541	222,969	Baltimore .....	1,273,800	979,680	2,019,240	Shreveport .....	72,416	72,417	170,233
Salem .....	54,235	33,070	28,375	Charleston, S.C. ....	28,320	67,170	39,326	Tulsa .....	213,867	125,016	288,918
Somerville .....	42,110	20,750	31,535	Charlotte .....	190,707	79,923	232,080	Waco .....	93,621	18,125	28,127
Sp'gfield, Mass. ....	82,365	28,970	73,015	Corn Gables .....	132,470	30,000	114,437	Wichita Falls .....	29,525	19,717	53,020
Stamford .....	55,470	48,760	60,395	Greensboro .....	137,767	129,346	259,940	<b>Total</b> .....	\$7,674,460	\$3,856,017	\$8,017,199
Waterbury .....	328,875	41,025	74,525	Greenville .....	152,635	25,230	90,852	<b>West Central</b>			
West Hartford .....	330,664	305,277	241,037	J'ksonville, Fla. ....	331,514	369,803	381,845	Cedar Rapids .....	\$137,013	\$81,085	\$58,441
Worcester .....	181,642	105,242	174,312	Lynchburg .....	81,788	34,747	54,579	Davenport .....	48,875	63,351	45,061
<b>Total</b> .....	\$5,034,369	\$3,409,874	\$4,308,349	Macon .....	71,706	22,218	25,818	Des Moines .....	242,160	100,170	310,414
<b>Middle Atlantic</b>				Miami .....	733,794	413,024	774,410	Dubuque .....	11,560	14,094	7,559
Manhattan 1. ....	\$5,574,300	\$1,486,200	\$923,550	Miami Beach .....	1,419,910	1,300,000	1,070,675	Duluth .....	202,293	85,922	101,181
Manhattan 2. ....	2,125,540	1,641,585	2,035,500	Norfolk .....	155,775	94,450	106,852	Fargo .....	62,100	19,305	40,490
Bronx 1. ....	1,246,595	2,371,250	1,559,900	Richmond .....	294,544	174,942	684,705	Kan. City, Kan. ....	79,560	20,345	93,345
Bronx 2. ....	519,721	405,261	375,387	Ronoke .....	102,245	37,009	36,666	Kan. City, Mo. ....	228,900	1,052,600	313,300
Brooklyn 1. ....	3,670,835	1,776,205	3,223,310	Savannah .....	64,451	47,175	72,367	Lincoln .....	83,337	58,082	146,768
Brooklyn 2. ....	787,155	710,140	1,138,385	Tampa .....	102,250	87,900	56,928	Minneapolis .....	561,170	522,330	563,690
Queens 1. ....	3,383,469	2,290,262	2,999,256	Wash'gton, D.C. ....	2,570,110	2,611,585	2,987,360	Omaha .....	231,829	121,864	443,792
Queens 2. ....	493,229	371,786	1,035,300	Winston-Salem .....	123,251	67,387	246,699	St. Joseph .....	30,745	13,475	16,650
Richmond 1. ....	411,873	118,600	237,810	<b>Total</b> .....	\$8,835,879	\$6,882,479	\$9,700,062	St. Louis .....	653,810	639,919	1,065,799
Richmond 2. ....	79,965	195,120	64,168	<b>East Central</b>				St. Paul .....	1,134,765	431,098	335,852
<b>Total N.Y.C.</b> .....	\$18,292,682	\$11,366,418	\$13,592,566	Akron .....	\$156,061	\$159,383	\$222,133	Sioux City .....	63,145	35,220	37,250
(1) New work. (2) Alterations.				Bay City .....	74,708	40,530	102,601	Sioux Falls .....	100,390	54,990	58,390
Albany .....	\$565,025	\$178,693	\$507,593	Berwyn .....	121,925	14,793	35,569	Topeka .....	185,150	71,505	116,520
Allentown .....	16,625	18,900	187,625	Bluefield .....	13,586	12,625	8,250	Wichita .....	203,219	134,249	211,938
Altoona .....	26,015	26,126	11,811	Canton .....	49,120	33,917	71,845	<b>Total</b> .....	\$4,264,021	\$3,520,504	\$3,966,440
Atlantic City .....	200,844	52,450	168,282	Chicago .....	1,595,891	1,055,600	1,881,750	<b>Mountain</b>			
Auburn .....	30,033	18,375	14,940	Cincinnati .....	189,953	44,593	51,964	Billings .....	\$46,715	\$265,557	\$68,485
Bayonne .....	28,625	22,705	15,103	Clarksburg .....	467,000	269,800	584,200	Boise .....	149,142	79,167	120,258
Binghamton .....	146,040	88,892	75,615	Cleveland .....	376,000	120,350	190,750	Butte .....	2,780	4,205	16,475
Buffalo .....	131,584	160,797	177,688	Columbus .....	161,311	36,102	154,784	Colorado Spr'gs .....	42,230	9,613	45,169
Camden .....	18,415	143,849	140,373	Detroit .....	3,787,926	1,937,954	3,998,477	Denver .....	495,084	288,946	665,611
East Orange .....	75,646	90,033	91,771	East St. Louis .....	19,855	29,035	29,155	Great Falls .....	30,602	21,895	64,630
Elizabeth .....	60,032	92,064	48,245	Evansville .....	128,200	53,500	195,000	Odden .....	38,350	45,180	45,925
Elmira .....	12,099	33,771	25,846	Evansville .....	195,974	95,620	509,931	Phoenix .....	96,524	541,356	148,995
Erie .....	76,048	49,076	140,780	Flint .....	281,359	120,832	243,253	Pueblo .....	29,445	38,383	46,135
Harrisburg .....	70,700	81,350	104,805	Fort Wayne .....	207,668	116,434	133,570	Salt Lake City .....	261,882	123,507	218,829
Jamestown .....	49,540	20,550	49,143	Gary .....	59,970	82,515	37,807	Tucson .....	113,943	48,537	163,355
Jersey City .....	167,216	64,787	426,965	Grand Rapids .....	133,815	68,435	207,160	<b>Total</b> .....	\$1,254,482	\$1,200,789	\$1,533,880
Lancaster .....	37,931	47,511	63,920	Green Bay .....	80,641	72,006	141,440	<b>Pacific</b>			
Mount Vernon .....	70,300	108,295	118,700	Hammond .....	113,522	62,694	1,263,629	Bakersfield .....	\$191,575	\$109,408	\$122,791
Newark, N. J. ....	341,457	290,263	2,108,390	Huntington .....	42,220	2,300	26,950	Berkeley .....	141,247	127,442	178,668
				Indianapolis .....	476,681	334,429	363,737	Beverly Hills .....	360,200	326,016	402,950
				Lansing .....	79,291	204,655	63,440	Fresno .....	157,927	171,949	311,460
				Lima .....	15,800	9,898	66,688	Glendale .....	828,080	202,735	325,785
				Louisville .....	253,940	293,062	586,125	Long Beach .....	813,390	700,850	722,800
				Madison .....	185,810	115,522	160,075	Los Angeles .....	5,333,114	2,473,064	4,677,985
				Milwaukee .....	765,367	622,880	971,958	Oakland .....	481,532	431,933	647,869
				Newark, Ohio .....	36,400	625	15,840	Pasadena .....	223,303	103,967	292,164
				Oak Park .....	127,170	84,895	75,800	Portland, Ore. ....	431,040	271,445	477,965
				Peoria .....	903,019	54,927	781,929	Sacramento .....	302,816	231,250	262,556
				Pontiac .....	80,385	227,156	122,098	San Diego .....	640,485	436,921	663,796
				Quincy, Ill. ....	5,310	1,590	9,735	San Francisco .....	1,082,633	1,137,323	1,516,900
				Racine .....	135,782	47,414	57,890	San Jose .....	216,420	139,620	187,015
				Rockford .....	65,325	22,235	101,359	Seattle .....	366,150	144,465	437,720
				Saginaw .....	118,057	62,620	102,827	Spokane .....	1,162,685	137,314	350,657
				South Bend .....	75,005	46,455	40,240	Stockton .....	74,379	83,483	165,610
				Springfield, Ill. ....	40,102	24,090	1,486,516	Tacoma .....	112,946	39,910	104,301
				Superior .....	11,918	18,866	16,910	<b>Total</b> .....	\$13,819,932	\$7,269,095	\$11,829,022
				Terre Haute .....	43,259	40,854	37,355	Total U. S. ....	\$82,517,596	\$49,327,248	\$83,903,095
				Toledo .....	381,980	88,062	345,732	New York City .....	\$18,292,682	\$11,366,418	\$13,592,566
				Waukegan .....	77,709	9,345	78,800	Outside N.Y.C. ....	\$64,224,914	\$37,960,830	\$70,310,529
				Wheeling .....	126,711	39,855	88,633				
				Youngstown .....	95,008	70,715	58,882				
				Zanesville .....	16,385	15,375	12,150				
<b>Total</b> .....	\$13,374,999	\$7,677,178	\$17,619,761								

# MAY BANK CLEARINGS BELOW 1935 TOTAL

**B**ANK clearings for May suffered the first setback so far this year, after reaching the highest totals since 1931, in January, February, March, and April. The aggregate for May in twenty-two leading cities of the United States was \$22,473,000,000, a loss of 9.1 per cent from \$24,711,000,000 in April, and 2.7 per cent below the 1935 comparative of \$23,103,000,000. This was the first time in fifteen months, or since February, 1935, that a decrease from the figures for the previous year has occurred.

## New York Clearings Off

Settlements through the banks at New York City amounted to \$14,453,000,000, a drop of 4.8 per cent compared with the \$15,174,000,000 in May, 1935. Slower trading in securities markets at New York City was reflected in the month's turnover. Stock sales fell to 20,614,690 shares, a decline of 9,823,733 from the 1935 figure. Bond sales also tapered off to

## Daily Average Bank Clearings

(000 omitted)

	1936	1935	P. Ct. Change
May .....	\$898,917	\$888,558	+ 1.2
April .....	950,423	877,269	+ 8.3
March .....	1,023,446	936,678	+ 9.3
February .....	959,348	868,545	+10.1
January .....	972,770	907,278	+ 7.2
December .....	\$962,866	\$869,271	+10.8
November .....	926,672	739,907	+25.2
October .....	925,833	747,546	+23.8

the extent of \$83,430,800 from the May, 1935, total.

This table shows monthly bank clearings for 1936 and 1935, together with the percentage change:

## Monthly Bank Clearings

(000,000 omitted)

	1936	1935	Per Cent Change
May .....	\$22,473	\$23,103	- 2.7
April .....	24,711	22,800	+ 8.3
March .....	26,610	24,354	+ 9.3
February .....	22,065	19,108	+15.5
January .....	25,292	23,590	+ 7.2
Total .....	\$121,151	\$112,964	+ 7.2

Substantial strides have been made by bank clearings at all cities since the lows of 1932 and 1933. The momentum for the latest month has slackened, however,

and the amount was not as heavy as that shown for May, 1935, over 1934, or 1934 over 1933. Gains of 14 per cent and over appeared at only five cities, namely, Pittsburgh, Cleveland, Atlanta, New Orleans and Dallas. The other gains which appeared, all were below 10 per cent. The rise at Boston amounted to only 0.3 per cent. Philadelphia, Kansas City and New York City were the only ones in which declines were sustained. At Baltimore, the totals for both years remained the same.

## Daily Average Clearings

Daily average clearings for May surpassed the aggregate for May, 1935, by a narrow margin. The total of \$898,917,000 was 1.2 per cent in excess of last year's average of \$888,558,000. In April, the average was \$950,423,000, and the high so far this year was in March, at \$1,023,446,000. The previous low was touched in September, 1935, at \$874,162,000, but was 17.6 per cent over the 1934 total.

## MAY BANK CLEARINGS, 1931 TO 1936

(000,000 omitted)

	May, 1936	Per Cent*	May, 1935	Per Cent*	May, 1934	Per Cent*	May, 1933	Per Cent*	May, 1932	Per Cent*	May, 1931
Boston .....	\$888	+ 0.3	\$885	+ 2.4	\$864	+ 9.1	\$792	- 7.7	\$858	-47.0	\$1,618
Philadelphia .....	1,405	-16.5	1,682	+30.4	1,290	+ 28.0	1,008	- 6.2	1,075	-38.5	1,748
Buffalo .....	128	+ 1.6	126	+ 8.6	116	+ 18.4	98	- 4.9	103	-36.8	163
Pittsburgh .....	521	+22.9	424	+ 5.7	401	+38.3	290	-15.2	342	-41.1	581
Cleveland .....	336	+15.5	291	+12.4	259	+46.3	177	-34.2	269	-37.4	430
Cincinnati .....	222	+ 3.7	214	+17.6	182	+ 22.8	147	-12.5	168	-30.6	242
Baltimore .....	249	....	249	+ 6.0	235	+53.6	153	-34.1	232	-29.1	327
Richmond .....	131	+ 1.6	129	+11.2	116	+14.9	101	- 5.6	107	-24.6	142
Atlanta .....	207	+16.9	177	+ 9.3	162	+31.7	123	....	123	-25.5	165
New Orleans .....	131	+21.3	108	+16.1	93	+69.1	55	-47.1	104	-36.2	163
Chicago .....	1,199	+ 6.8	1,123	+15.1	976	+16.6	837	-12.6	958	-50.0	1,916
Detroit .....	423	+ 6.3	398	+23.2	323	+878.8	33	-88.5	286	-48.8	559
St. Louis .....	368	+ 7.3	343	+15.1	298	+ 21.6	245	- 7.9	266	-33.5	400
Louisville .....	121	+ 7.1	113	+17.7	96	+31.5	73	....	73	-20.7	92
Minneapolis .....	258	+ 2.0	253	+17.1	216	+ 9.1	198	+ 4.8	189	-30.8	273
Kansas City .....	349	- 6.9	375	+27.6	294	+33.0	221	-16.9	266	-24.0	350
Omaha .....	131	+ 1.6	129	+18.3	109	+28.2	85	-13.3	98	-34.7	150
Dallas .....	171	+14.8	149	+ 8.0	138	+35.3	102	+ 1.0	101	-33.1	151
San Francisco .....	538	+ 2.7	524	+18.3	443	+19.4	371	- 8.2	404	-34.1	613
Portland, Ore. ....	108	+ 4.9	103	+21.2	85	+10.4	77	-12.5	88	-34.8	135
Seattle .....	136	+ 1.5	134	+41.1	95	+14.5	83	-10.8	93	-28.5	130
Total .....	\$8,020	+ 1.1	\$7,929	+16.8	\$6,791	+ 28.9	\$5,269	-15.1	\$6,203	-40.1	\$10,348
New York .....	14,453	- 4.8	15,174	+ 4.9	14,459	+ 8.2	13,361	+ 4.9	12,739	-48.9	24,944
Total All .....	\$22,473	- 2.7	\$23,103	+ 8.7	\$21,250	+14.1	\$18,630	- 1.6	\$18,942	-46.3	\$35,292

(\*) Percentage change from year preceding.



# STATISTICAL RECORD OF

## VISIBLE GRAIN SUPPLIES

Returns to DUN & BRADSTREET, INC., of available wheat stocks held on May 30, 1936, in the United States and Canada, leading ports of the United Kingdom and Europe, and the supply on passage for the United Kingdom, also the stocks of corn and oats held in the United States and Canada, with comparisons, are as follows, figures being in bushels:

Wheat	May 30, 1936	Changes from Last Week	June 1, 1935
United States, east of Rocky Mountains.....	32,073,000	— 1,255,000	31,607,000
United States, west of Rocky Mountains.....	3,863,000	— 230,000	3,034,000
Canada.....	160,107,000	— 4,898,000	199,926,000
<b>Total, United States and Canada.....</b>	<b>195,843,000</b>	<b>— 6,383,000</b>	<b>234,567,000</b>
United Kingdom and Aloft (Broomhall).....	42,800,000	— 800,000	46,800,000
<b>Total, American, United Kingdom and Aloft.....</b>	<b>238,643,000</b>	<b>— 7,183,000</b>	<b>281,367,000</b>
Continent {Marseilles Rotterdam & (Broomhall).....	3,400,000	+ 500,000	3,100,000
Total, American and European Supply.....	242,043,000	— 6,683,000	284,467,000
Corn—United States and Canada.....	6,511,000	— 549,000	12,041,000
Oats—United States and Canada.....	39,765,000	— 1,202,000	17,608,000

The combined aggregate wheat visible supply statistics, in bushels, follow. (Last three 000 omitted):

Week ending 1936	U. S. east of Rockies	U. S. Pacific Coast	Total U. S.	Canada	Total U. S. and Canada	U. K. Aloft	U. K. and American, U. K. and	Total America and Europe
Mar. 7.....	55,097	5,490	60,587	220,398	280,985	48,400	329,385	3,300
Mar. 14.....	53,934	6,646	60,580	215,127	275,707	47,600	323,307	3,600
Mar. 21.....	52,420	6,410	58,830	213,522	272,352	46,300	318,652	3,300
Mar. 28.....	51,148	6,191	57,339	210,549	267,888	45,100	313,988	3,000
Apr. 4.....	49,537	5,610	55,147	206,823	261,970	45,900	307,870	2,700
Apr. 11.....	47,732	5,223	52,955	203,021	255,976	45,000	300,976	2,600
Apr. 18.....	45,530	5,138	50,668	201,342	252,010	42,400	294,410	2,600
Apr. 25.....	43,147	4,604	47,751	194,422	242,173	40,400	282,573	2,200
May 2.....	41,482	4,583	46,065	189,250	235,315	41,700	277,015	2,200
May 9.....	38,377	4,282	42,659	176,336	218,995	44,600	263,595	2,200
May 16.....	35,358	4,018	39,376	170,902	210,278	43,000	253,278	2,400
May 23.....	33,328	3,893	37,221	165,005	202,226	43,600	245,826	2,900
May 30.....	32,073	3,663	35,736	160,107	195,843	42,800	238,643	3,400

## Corn Exports

(By telegraph to Dun & Bradstreet, Inc.)

Corn exports in bushels from leading United States and Canadian ports compare as follows:

Week ending	1936	1935	1934
Mar. 7.....	9,000	.....	49,000
Mar. 14.....	3,000	.....	40,000
Mar. 21.....	11,000	.....	.....
Mar. 28.....	1,000	.....	10,000
Apr. 4.....	.....	1,000	10,000
Apr. 11.....	.....	.....	10,000
Apr. 18.....	.....	.....	6,000
Apr. 25.....	.....	.....	11,000
May 2.....	1,000	.....	5,000
May 9.....	.....	.....	53,000
May 16.....	.....	.....	3,000
May 23.....	.....	1,000	1,000
May 30.....	77,000	.....	2,000
July 1 to date...	166,000	28,000	692,000

## Wheat and Flour Exports

(By telegraph to Dun & Bradstreet, Inc.)

The quantity of wheat (including flour as wheat) exported from leading United States and Canadian ports for the week and season compare as follows, in bushels:

Week ending	1936	1935	1934
Mar. 7.....	2,977,671	1,925,088	2,834,119
Mar. 14.....	3,162,472	2,936,566	3,780,985
Mar. 21.....	3,195,079	2,255,264	3,312,665
Mar. 28.....	3,766,653	2,139,971	2,643,287
Apr. 4.....	3,288,063	2,314,734	3,426,419
Apr. 11.....	2,124,604	2,798,928	4,673,594
Apr. 18.....	2,934,989	2,364,673	2,817,302
Apr. 25.....	3,308,796	2,986,899	3,256,079
May 2.....	5,930,682	1,748,176	4,037,897
May 9.....	6,024,125	3,289,049	3,934,310
May 16.....	5,076,581	3,802,886	6,214,939
May 23.....	6,799,876	3,895,495	3,188,825
May 30.....	5,680,764	3,878,583	3,319,231
July 1 to date...	164,927,746	141,330,335	189,752,822

## Grain Movement

Receipts of flour and grain at twelve Western lake and river points for the week and season compare as follows (000 omitted):

Week	Flour, bbls.	Wheat, bus.	Corn, bus.	Oats, bus.
May 30, 1936.....	325	4,100	4,379	2,261
May 23, 1936.....	395	6,829	3,469	2,077
May 16, 1936.....	358	4,377	1,794	7,549
May 9, 1936.....	303	4,217	4,971	1,583
May 2, 1936.....	377	2,514	5,547	1,609
June 1, 1935.....	362	4,015	2,396	1,035
Season, July 1, 1935, to June 1, 1936—	Flour, bbls., 17,406	Corn, bus., 170,764	Wheat, bus., 327,554	Oats, bus., 124,221
Season, July 1, 1934, to June 1, 1935—	Flour, bbls., 16,885	Corn, bus., 190,371	Wheat, bus., 235,912	Oats, bus., 49,598

## Cereal Exports by Ports

(By telegraph to Dun & Bradstreet, Inc.)

Exports of cereals from leading ports in the United States and Canada for the week ending May 30, 1936, were as follows:

From	Flour, barrels	Wheat, bushels	Corn, bushels
New York.....	59,090	249,000	.....
Albany, N. Y.....	.....	8,000	*77,000
Philadelphia.....	.....	.....	.....
Baltimore.....	.....	.....	.....
Boston.....	.....	.....	.....
New Orleans.....	2,000	1,000	.....
Galveston.....	.....	.....	.....
<b>Total, Atlantic.....</b>	<b>62,090</b>	<b>258,000</b>	<b>*77,000</b>
Previous week.....	50,298	240,000	.....
San Francisco.....	110	.....	.....
Portland, Ore.....	2,688	.....	.....
Puget Sound.....	4,020	.....	.....
<b>Total, Pacific.....</b>	<b>6,818</b>	<b>.....</b>	<b>.....</b>
Previous week.....	10,343	.....	.....
<b>Total, U. S.....</b>	<b>68,908</b>	<b>258,000</b>	<b>*77,000</b>
Previous week.....	60,641	240,000	.....
Montreal.....	77,000	2,490,000	.....
Sorel.....	.....	831,000	.....
Halifax.....	13,000	.....	.....
Vancouver.....	.....	1,272,678	.....
Ft. William.....	.....	114,000	.....
<b>Total, Canada.....</b>	<b>90,000</b>	<b>4,707,678</b>	<b>.....</b>
Previous week.....	139,202	5,660,582	.....
<b>Grand total.....</b>	<b>158,908</b>	<b>4,965,678</b>	<b>*77,000</b>
Previous week.....	199,843	5,900,582	.....

\* Argentine corn.

## U. S. Grain East of Rocky Mountains

Stocks of grain available in the United States May 30, 1936, in bushels, were as follows, with comparisons:

(Last three 000 omitted)

	Wheat	Corn	Oats	Barley
Minneapolis.....	6,212	75	9,966	4,931
Duluth.....	2,974	47	7,049	1,934
Sioux City, Iowa.....	120	63	335	26
Milwaukee.....	714	90	462	1,177
Omaha and Council Bluffs.....	1,347	432	3,854	576
Hutchinson.....	195	.....	.....	.....
Lincoln, Neb.....	250	30	.....	.....
Wichita.....	84	1	.....	.....
Kansas City.....	5,314	163	1,068	173
St. Joseph.....	408	207	241	58
Chicago.....	5,009	1,572	5,315	892
Peoria.....	.....	8	.....	.....
Indianapolis.....	419	734	241	.....
St. Louis.....	615	512	212	69
Louisville.....	2,600	63	61	1
Chattanooga.....	75	65	.....	.....
Nashville.....	95	110	157	.....
New Orleans.....	2	39	29	2
Galveston.....	140	.....	.....	.....
Fort Worth, Tex.....	361	237	85	13
Dallas, Tex.....	427	.....	384	.....
On Lakes.....	.....	36	53	151
On Canal.....	.....	6	5	50
Detroit.....	135	6	.....	.....
Erie, Pa.....	.....	.....	.....	.....
Cleveland.....	118	.....	.....	.....
Mansfield.....	.....	290	145	.....
Dayton.....	6	12	7	.....
Cincinnati.....	44	80	85	.....
Buffalo.....	3,369	969	701	848
Aloft.....	856	172	.....	321
Boston.....	2	.....	12	.....
Providence, R. I.....	2	23	20	2
New York.....	49	194	115	7
Aloft.....	.....	225	20	.....
Philadelphia.....	74	27	35	1
Pittimore.....	45	15	10	2
Newport News.....	.....	.....	.....	.....
Norfolk.....	12	5	15	.....

May 30, 1936.....	32,073	6,511	31,282	11,241
May 23, 1936.....	33,328	7,060	32,078	11,749
June 1, 1935.....	31,607	12,041	10,786	6,845

## Canadian Grain Stocks

The available grain stocks in Canada May 30, 1936, with comparisons:

(Last three 000 omitted)

	Wheat	Corn	Oats	Barley
Montreal.....	7,118	.....	695	481
Churchill.....	2,281	.....	.....	.....
Country Elevators.....	45,259	.....	3,929	2,967
Int. Term. Elevators.....	2,026	.....	608	194
Int. Private & Mfg. Elevators.....	6,311	.....	977	1,297
Ft. William and Pt. Arthur.....	40,811	.....	820	1,624
Canadian Aloft.....	.....	.....	.....	.....
Victoria.....	.....	.....	.....	.....
Vancouver.....	11,599	.....	646	10
Prince Rupert.....	1,028	.....	.....	.....
Bonded grain in the United States.....	14,275	.....	.....	.....
Other Canadian.....	29,399	.....	808	1,147

May 30, 1936.....	160,107	.....	8,483	6,820
May 23, 1936.....	165,005	.....	8,889	6,766
June 1, 1935.....	199,926	.....	6,822	5,981

The Montreal, Fort William and Port Arthur and bonded grain totals are furnished by the New York Produce Exchange and Chicago Board of Trade. The other Canadian totals are telegraphed to DUN & BRADSTREET, INC., by the Agricultural Branch of the Dominion Bureau of Statistics of Ottawa.

## Pacific Coast Wheat Stocks

	May 30, 1936	May 23, 1936
Portland, Ore.....	2,642,000	2,122,000
Tacoma, Wash.....	762,000	872,000
Seattle, Wash.....	859,000	899,000
<b>Total.....</b>	<b>3,663,000</b>	<b>3,893,000</b>

# COMMERCE AND FINANCE

## FINANCIAL STATISTICS

	May, 1936	May, 1935	Ch'ge P. Ct.	Apr., 1936	Ch'ge P. Ct.
Bank clearings, N. Y.					
City (\$).	14,452,913	15,173,517	4.7	16,203,421	10.8
Bank debits, N. Y.					
City (\$).	16,226,705	14,551,143	11.5	17,285,378	6.1
Bank debits, U. S. (\$)	33,224,754	30,107,877	10.4	34,782,062	4.5
Bond sales, Munic. (\$)	88,891,070	86,579,526	2.7	105,383,057	15.6
Bond sales, N. Y. Curb					
Exchange (\$).	50,616,000	118,714,000	57.4	62,593,000	19.1
Bond sales, N. Y. Stock					
Exchange (\$).	201,974,000	285,404,900	29.2	235,664,800	14.3
Corporate issues & (\$).	192,451,692	160,957,300	19.6	783,510,261	75.4
Failures, number	832	1,004	17.1	830	0.2
Failures, liabilities (\$)	15,375,138	14,339,000	7.2	14,157,280	8.6
Stock sales, N. Y. Curb					
Exchange (shares).	4,683,437	6,392,593	26.7	10,155,565	53.9
Stock sales, N. Y. Stock					
Exchange (shares).	20,614,690	30,438,423	32.3	39,616,438	48.0
	Apr., 1936	Apr., 1935	Ch'ge P. Ct.	Mar., 1936	Ch'ge P. Ct.
Automobile financing, re-					
tail (\$).	143,515,240	95,184,296	50.8	87,169,493	64.6
Auto. financing, whole-					
sale (\$).	154,147,411	145,574,233	5.9	113,830,495	35.4
Fire losses (\$).	25,786,835	23,267,929	10.8	29,177,406	11.6
Foreign Trade, U. S.					
Misc. Exports (\$).	193,490,000	164,151,000	17.9	194,790,000	0.7
Foreign Trade, U. S.					
Misc. Imports (\$).	202,437,000	170,509,000	18.7	198,686,000	1.9
Life insurance, sales, (\$)	743,945,000	733,870,000	1.4	775,982,000	4.1
Ry. earnings, gross (\$)	313,409,628	274,663,066	14.1	308,303,721	1.7
Ry. earnings net oper.					
income (\$).	41,547,644	34,708,718	19.7	35,205,513	18.0

\* Three cyphers omitted. † Dun & Bradstreet, Inc. ‡ Journal of Commerce.  
§ March and corresponding months.

## PRODUCTION

	May, 1936	May, 1935	Ch'ge P. Ct.	Apr., 1936	Ch'ge P. Ct.
Building* (215 cities) (\$)	82,319,896	49,327,248	66.9	83,903,098	1.9
Coal, anthracite (tons)	4,577,000	4,919,000	7.0	4,336,000	5.6
Coal, bituminous (tons)	28,678,000	26,849,000	6.8	30,318,000	5.4
Flour (bbls.)	5,004,892	4,873,639	2.6	4,992,363	0.3
Pig iron (tons)	2,648,401	1,727,095	53.4	2,403,683	10.2
Steel ingot (tons)	4,046,253	2,635,857	53.5	3,942,254	2.6
Zinc (tons)	44,905	34,572	29.9	43,252	3.8
	Apr., 1936	Apr., 1935	Ch'ge P. Ct.	Mar., 1936	Ch'ge P. Ct.
Automobile (cars and					
trucks)	502,775	452,936	11.0	420,971	19.4
Boots and shoes (pairs)	32,166,709	34,564,411	6.9	34,159,271	5.8
Rabbit metal (lbs.)	2,413,779	1,829,602	31.9	2,064,475	16.9
Cement (bbls.)	8,519,000	6,136,000	38.8	5,263,000	61.9
Coke (tons)	3,554,617	2,736,723	29.9	3,366,665	5.6
Const. contr. awarded					
(\$ states) †	234,806,300	124,020,000	89.3	198,978,300	18.0
Cotton mill spin. hours*	7,320,181	6,057,602	20.8	7,263,927	0.8
Electricity, k. w. h.*	8,870,000	7,816,000	13.5	8,905,000	0.4
Gasoline (bbls.)	39,902,000	34,728,000	14.9	38,764,000	2.9
Glass, pl. glass (sq. ft.)	19,454,774	16,998,914	14.4	16,057,196	21.2
Gold (Rand)	912,639	869,956	4.9	933,776	2.3
Lead, refined (tons)	38,073	32,389	17.5	35,150	8.2
Malleable castings (tons)	50,954	42,935	21.2	45,536	11.9
Newsprint, U. S. & Can-					
ada (tons)	335,191	296,886	12.9	319,400	4.9
Paperboard (tons)	294,929	260,851	13.1	283,257	3.4
Petroleum, crude (bbls.)	90,479,000	78,427,000	15.4	90,568,000	0.1
Pneumatic casings	4,854,733	4,511,735	7.6	3,637,969	33.5
Range boilers (no.)	65,773	51,052	28.8	64,227	2.4
Steel barrels	721,322	614,385	17.4	650,206	10.9
Steel castings, commer-					
cial (tons)	63,087	31,952	97.4	51,674	22.1
Steel sheets (short tons)	217,975	209,219	4.2	207,820	4.9
Sulphuric acid (tons)	119,565	139,333	14.2	141,339	14.2
Tobacco and products					
Cigars, small	11,868,891	10,696,782	11.0	11,093,047	7.0
Cigars, large	411,605,582	373,672,734	10.2	377,167,052	9.1
Tobacco and snuff	29,253,570	27,689,354	5.6	30,315,229	3.5

\* Three cyphers omitted. † Dun & Bradstreet, Inc. ‡ F. W. Dodge Corp.

## SHIPMENTS AND CONSUMPTION

	May, 1936	May, 1935	Ch'ge P. Ct.	Apr., 1936	Ch'ge P. Ct.
Silk consumption (bales)	32,087	38,361	16.4	34,564	7.2
Steel shipments (tons)	984,097	598,915	64.4	979,907	0.4
Tin, deliveries U. S.					
(long tons)	5,235	3,950	32.5	6,235	16.0
Zinc, shipments (tons)	43,977	35,627	23.4	42,311	3.9
	Apr., 1936	Apr., 1935	Ch'ge P. Ct.	Mar., 1936	Ch'ge P. Ct.
Anthracite, ship. (tons)	4,216,672	4,168,364	1.2	2,429,194	73.6
Babbitt met. sales (lbs.)	1,865,182	1,309,626	42.4	1,611,683	15.7
Carrolding (cars)	38,825,000	2,492,800	11.8	2,632,000	6.3
Cement, ship. (bbls.)	9,089,000	6,198,000	46.6	7,138,000	27.3
Coal, anth. and bit. ind.					
cons. (tons)	26,963,000	23,322,000	15.6	27,805,000	3.0
Cotton cons. (bales)	576,672	468,402	23.1	548,913	5.1
Gasoline cons. (bbls.)	38,825,000	30,076,000	7.6	35,871,000	8.2
Lead, refined (tons)	40,457	40,922	1.4	36,743	10.1
Malleable castings (tons)	51,840	46,090	12.5	46,823	10.7

## SHIPMENTS AND CONSUMPTION (Continued)

	Apr., 1936	Apr., 1935	Ch'ge P. Ct.	Mar., 1936	Ch'ge P. Ct.
Newsprint, U. S. & Can-					
ada (tons)	344,842	313,777	9.9	313,735	9.9
Oil-burners (no.)	10,042	8,615	16.6	8,732	15.9
Paints & var., sales (\$)	36,376,507	32,851,225	10.7	29,973,139	21.4
Petroleum, crude, run-					
to-stills (bbls.)	84,545,000	75,066,000	12.6	85,286,000	0.9
Pneumatic casings	4,902,721	5,143,599	4.7	3,855,970	27.2
Range boilers (no.)	63,548	55,764	14.0	61,937	2.6
Rubber, cr., cons. (tons)	51,897	44,247	17.3	42,703	21.5
Steel barrels	730,099	610,848	19.5	648,165	12.6
Steel sheets, ship. (short					
tons)	252,441	202,365	24.7	209,673	20.4
Sulph. acid, cons. (tons)	81,921	93,873	12.7	106,785	23.3
Waste paper (consump.)					
(tons)	245,566	217,300	13.0	237,601	3.4
Wood consump., secured					
basis (lbs.)	25,400,000	32,800,000	22.6	30,100,000	15.6

## STOCKS ON HAND AT END OF MONTH

	May, 1936	May, 1935	Ch'ge P. Ct.	Apr., 1936	Ch'ge P. Ct.
Silk, raw (bales)	40,066	36,762	9.0	46,098	13.1
Tin, world's visible sup-					
ply (long tons)	15,967	16,718	4.5	13,328	19.8
Zinc (tons)	81,710	107,625	24.1	80,782	1.1
	Apr., 1936	Apr., 1935	Ch'ge P. Ct.	Mar., 1936	Ch'ge P. Ct.
Cement (bbls.)	20,556,000	21,219,000	3.1	21,126,000	2.7
Coal, anth. and bit. ind.					
stocks (tons)	25,418,000	34,537,000	26.4	26,114,000	2.7
Coke, by-product (tons)	1,586,398	3,019,016	47.5	1,443,672	9.9
Cotton, ex. lint. (bales)					
In mfg. plants	1,190,413	1,062,143	12.1	1,334,394	10.8
In warehouses	6,020,526	7,203,407	16.4	6,570,182	8.4
Gasoline at ref. (bbls.)	44,361,000	37,867,000	17.1	45,739,000	3.1
Lead, refined (tons)	220,991	220,043	0.4	223,388	1.1
Newsprint, U. S. & Can-					
ada (tons)	102,716	78,993	30.0	114,417	10.2
Oil-burners (no.)	16,901	14,575	16.0	15,090	12.0
Petroleum, crude, excl.					
Cut. (bbls.)	268,560,000	297,380,000	9.7	266,092,000	0.9
Porcelain plumbing fix-					
tures (pieces)	9,515	10,710	11.2	8,962	6.2
Pneumatic casings	9,034,017	11,003,237	17.9	9,087,020	0.6
Range Boilers (no.)	45,557	28,065	62.3	43,332	5.1
Rubber, on hand & adnat					
to U. S. (long tons)	311,856	375,157	16.9	326,758	4.6
Steel barrels	29,655	32,490	8.7	38,432	22.8
Steel sheets (sh. tons)	124,239	116,316	6.8	141,916	12.5
Sulphuric acid (tons)	75,304	97,898	23.1	83,375	9.7
Waste paper (tons)	248,659	244,913	1.5	242,543	2.5

## GOVERNMENT STATISTICS

	Apr. 30, 1936	Apr. 30, 1935	Mar. 31, 1936
Money in circ., U. S. (\$)	5,885,510,535	5,477,960,773	5,876,801,119
Population	127,794,000	127,047,000	127,732,000
Per capita (\$)	46.05	43.12	46.01
Gen. stock money, U. S. (\$)	16,740,043,355	14,680,036,037	16,707,623,585
	May 31, 1936	May 31, 1935	Apr. 30, 1936
Debt, gross, U. S. (\$)	31,636,443,116	28,638,385,223	31,425,440,395
United States:			
Receipts, ordinary (\$)	256,116,611	246,116,851	230,645,011
Expenditures, ord. (\$)	253,471,306	264,092,426	217,000,192
Expenditures, emerg. (\$)	291,224,984	347,034,594	313,886,974

## MONTHLY INDEX NUMBERS

### EMPLOYMENT—PAY ROLLS—PRODUCTION

(1923-1925 = 100)

	Apr., 1936	Mar., 1936	Feb., 1936	Apr., 1935
Employment (Factory) (BLS)	85.1	84.1	83.2	82.6
Pay Rols (Factory) (BLS)	77.9	76.3	72.3	70.8
Production, Ind. (FRB) adj.	100.0	93.0	94.0	86.0

### PRICE INDEX NUMBERS (WHOLESALE)

	Base Year	June 1, 1936	May 1, 1936	Apr. 1, 1936	Same month 1935
DUN'S	1923	\$172.136	\$173.485	\$173.649	\$174.314
BRADSTREET'S	1923	\$9.7374	\$9.8191	\$9.8541	\$9.9070
U. S. Bureau of Labor	1926	79.7	79.6	79.6	80.1
Annalist	1913	120.4	123.8	124.9	126.0
Canada (Dom. Bureau) ‡.	1926	71.8	72.2	72.4	72.2
	Apr., 1936	Mar., 1936	Feb., 1936	Same month 1935	
U. K. (Board of Trade)...	1930	91.7	91.7	91.7	86.9
U. K. (Economist).....	1913	97.4	97.4	97.4	91.8
U. K. (Statist).....	1913	100.9	101.6	102.0	98.9
France (Stat. Gen.).....	1913	370	376	376	336
Germany (Official).....	1913	103.9	103.8	103.8	100.8
Belgium.....	1914	574	578	582	531
Denmark (Official).....	1913	139	139	139	132
Norway.....	1913	132	132	132	125
Sweden.....	1913	118	118	118	115
Holland.....	1929	61.3	61.7	62.2	61.1
Japan (Oriental Economist).....	1913	179.3	179.4	179.5	174.6
China (Shanghai).....	1926	107.3	106.3	105.0	96.4

‡ Average over previous month.

# RECOVERY STRONGER IN COTTON GOODS TRADING

by C. S. WOOLSLEY

**T**RADING in print cloths and some other types of cotton gray goods grew very active late in May and prices began to advance. After two or three false starts, business got under way briskly and mills worked into their best position of the year to date. A lot of orders were booked for forward delivery, and several cloths brought premiums for spot and nearby delivery as stocks declined. Print cloths and sheetings were the most active of gray goods, although carded broadcloths moved well, and large orders were written on special constructions for the mechanical trades.

Sales of print cloths in the last week of the month were equivalent to 175 per cent of production. Aside from the volume of business booked, it was the best week in the year, as price advances were sustained throughout and the groundwork was laid for increasing business at steadily rising prices in the next two or three months. Prices, however, are still below cost levels and mills are faced during the Summer months with the problem of bringing quotations to cost or beyond.

## Wool Blankets Well Sold

Business in fine goods was only moderate. Mills and buyers during the month co-operated in the styling of specialties on which large orders are expected in June. Buyers were dickering for prices at slightly under what mills have been quoting on small quantities and the chances were considered even that mills might be willing to take some long-term contracts at these bids.

Demand for sheets and pillowcases was steady. A number of mills are without spot stocks of the

68x72s and 64 squares. Sales of these numbers have been running ahead of production, with the result that mills are in an unusually strong position for this time of year. Indications are that these plants will continue to run actively during the Summer months.

It is estimated that buyers have covered 35 per cent of their wool blanket requirements for the Fall-Winter season. Prices have been strengthening as the season progresses, with the result that tardy buyers are being compelled to pay more than if they had placed orders at the time mills were opening lines. New business in part-wool blankets is light, but mills are busy delivering and manufacturing against contracts written some weeks ago.

Mills during the month started to show jacquard bedspread lines for Fall and some sizable orders were booked. Patchwork quilt plants booked substantial business, and a number of plants went into overtime production. Prices on cretonnes continued low with the attractive selling prices named at the Fall openings continuing in effect. Finishers at the end of the month were less active than in the same period a year ago. New orders were small.

## Short Staple Rayon Cut

Competition in woven tickings was keen and prices paid for large quantities of goods failed to return a profit to mills. Better business was done in work fabrics. Producers of denims, coverts and chambrays have introduced a number of new finishes and colors, and have otherwise improved their products to such an extent that an expansion of sales in this field is bound to develop in the near

future. Manufacturers of night-wear continued to press for prompt deliveries of outing flannels, which many mills were unable to grant, having sold up their output for months ahead. Demand for gingham was light.

Lower prices on short staple rayon fiber were general during the month. The new prices became effective on the day that books were opened for August business, and producers report that some sizable orders for delivery during that month were booked at the lower levels, indicating that they may be expected to result in an increased output of spun rayon cloths for the Fall season. There is practically no staple in the open market for July delivery, save some coarse Japanese grades suitable for worsted mill use. No very large quantities of European staple have been offered for sale here, due to the rising popularity of spun rayons abroad. In fact, one large English concern is reported as having sought some supplies in this market.

## Rayon Yarn Demand Heavy

Lower prices for staple fiber were welcomed in the yarn and cloth trades, where it was said that the step is likely to have an important influence on the volume of business done for the Spring, 1937, season. It was pointed out that, by reason of the change, cloths can be made to fit into price ranges previously out of the field entirely. The quality of spun rayon cloths, which can now be produced at low prices, should go far toward permitting these fabrics to compete actively with filament rayon cloths and with various wool goods.

Producers, meanwhile, anticipate heavy demand for the regular



filament rayon yarns for July delivery. One hundred denier bright viscose yarns for use in the manufacture of satins are the best sellers. The vogue for satins has prevented the usual between-season lull from developing in the rayon market, with the result that producers will meet the opening of the new buying season with only normal yarn stocks and some deniers decidedly scarce.

With the outlook for Fall decidedly encouraging, some agitation for an advance in rayon prices is being heard. It generally is conceded that present prices allow scant margin of profit but, as yet, the question of any increase remains merely one of talk. Some producers believe that the fact that a Spring price cut was averted this year and that present quotations are holding firm make an advance unnecessary, although a change would not be unwelcome to them, provided it was initiated by someone else.

#### Silk Trading Still Slow

The acetate division of the market is more uncertain than the viscose section. While producers have been moving yarn in good volume for some weeks, the depressed condition of the broad silk industry, chief consumer of acetate yarns, has been causing some little con-

cern. The demand for sharkskins and similar weaves, however, continues active and has accounted for no little acetate poundage in recent weeks. Early Fall lines, now being shown by broadsilk houses, contain a high percentage of acetate fabrics.

More favorable consumption figures than the trade had anticipated served to steady the uptown silk market at the end of the month. While unofficial estimates set May consumption at only 30,000 bales, official figures showed that during May American mills had taken 32,087 bales. This total, however, was considerably below the May, 1935, one of 38,361 bales, and that of 34,564 bales for April of this year.

#### Wool Price Trend Higher

Wool prices advanced rather sharply in May, but toward the end of the month opinion as to future values became more conservative. Dealers refused to accept growers' asking prices without question. Dickering on a large scale was a feature in the West. Consolidation of values, rather than further advances, in the raw material seem indicated, as prices that manufacturers can afford to pay, in order to move goods, present a barrier to extreme values. Worsted yarns moved into a stronger position as

weavers and knitters increased purchases.

Demand for wool cloths during the month, however, was only moderate. Mills continued to rest on a comfortable backlog of orders, unofficially estimated at about 45,000,000 linear yards or the equivalent of about fifteen weeks of production at the present rate of operations. Duplicate orders for men's wear fabrics were placed steadily and new business on Fall women's wear lines was a little less than satisfactory.

#### Knit Goods Output Gained

Knit goods mills during the month booked substantial business on lightweight underwear for Summer and also wrote considerable business on heavyweight underwear for Fall, sweaters, swim-suits and various types of outerwear. The possibility of a strike in July led a number of factories to speed up production for the purpose of accumulating an inventory. Hosiery markets were dull throughout the month, while prices on full-fashioned silk hosiery declined to the lowest point in three years. Sales of children's and adults' cotton hose continued to feel the effects of increasing imports of Japanese goods. Drapery and upholstery fabrics sold in good volume during May.

DAILY SPOT MIDDLING COTTON PRICES AT LEADING CENTERS DURING MAY, 1936  
(Cents Per Pound)

	Fri. May 1	Sat. May 2	Mon. May 4	Tues. May 5	Wed. May 6	Thurs. May 7	Fri. May 8	Sat. May 9	Mon. May 11	Tues. May 12	Wed. May 13	Thurs. May 14	Fri. May 15
New Orleans .....	11.44	11.40	11.37	11.40	11.49	11.55	11.60	11.63	11.63	11.59	11.60	11.63	11.67
New York .....	11.61	11.61	11.62	11.62	11.63	11.65	11.67	11.65	11.63	11.63	11.63	11.66	11.73
Savannah .....	11.59	11.56	11.53	11.59	11.65	11.74	11.75	11.75	11.75	11.76	11.78	11.88	11.90
Galveston .....	11.39	11.30	11.32	11.37	11.44	11.53	11.53	11.53	11.53	11.53	11.55	11.65	11.67
Memphis .....	11.20	11.15	11.15	11.20	11.25	11.35	11.35	11.35	11.35	11.35	11.40	11.50	11.50
Norfolk .....	11.65	11.65	11.65	11.65	11.65	11.75	11.75	11.75	11.75	11.75	11.75	11.85	11.85
Augusta .....	11.74	11.70	11.68	11.73	11.80	11.89	11.90	11.90	11.85	11.86	11.89	11.88	11.90
Houston .....	11.44	11.40	11.40	11.45	11.50	11.60	11.60	11.60	11.60	11.60	11.63	11.70	11.70
Little Rock .....	11.15	11.11	11.08	11.14	11.20	11.29	11.30	11.30	11.30	11.31	11.33	11.43	11.45
Fort Worth .....	11.09	11.05	11.03	11.08	11.15	11.21	11.21	11.20	11.20	11.21	11.19	11.23	11.25
Dallas .....	11.09	11.05	11.03	11.08	11.15	11.21	11.21	11.20	11.20	11.21	11.19	11.23	11.25
	Sat. May 16	Mon. May 18	Tues. May 19	Wed. May 20	Thurs. May 21	Fri. May 22	Sat. May 23	Mon. May 25	Tues. May 26	Wed. May 27	Thurs. May 28	Fri. May 29	Sat. May 30
New Orleans .....	11.65	11.70	11.70	11.65	11.60	11.62	11.68	11.71	11.72	11.72	11.75	11.81	*
New York .....	11.72	11.72	11.72	11.72	11.72	11.69	11.74	11.72	11.73	11.74	11.76	11.77	.....
Savannah .....	11.88	11.90	11.81	11.74	11.76	11.79	11.84	11.87	11.84	11.79	11.81	11.87	.....
Galveston .....	11.65	11.65	11.65	11.57	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	.....
Memphis .....	11.50	11.50	11.40	11.35	11.35	11.40	11.45	11.45	11.50	11.50	11.50	11.55	.....
Norfolk .....	11.85	11.85	11.90	11.80	11.80	11.85	11.85	11.85	11.85	11.85	11.85	11.90	.....
Augusta .....	11.88	11.90	11.91	11.84	11.86	11.89	11.94	11.97	11.98	11.99	12.01	12.07	.....
Houston .....	11.70	11.70	11.70	11.63	11.58	11.58	11.60	11.60	11.60	11.55	11.55	11.60	.....
Little Rock .....	11.43	11.45	11.46	11.29	11.31	11.34	11.39	11.42	11.44	11.44	11.46	11.52	.....
Fort Worth .....	11.23	11.25	11.26	11.19	11.19	11.22	11.26	11.29	11.28	11.24	11.22	11.26	.....
Dallas .....	11.23	11.25	11.26	11.19	11.19	11.22	11.26	11.29	11.28	11.24	11.22	11.26	.....

\* Holiday.

# INTERNATIONAL MONEY MARKETS

**C**HANGES in the international monetary picture during May were mostly for worse, rather than better. The confusion that has marked the foreign exchanges in recent years was unrelieved, but it is possible that events now are shaping up toward readjustments that long have been considered an indispensable prerequisite for stabilization of the leading currencies of the world. French developments were followed with the closest observation, for much now depends on the course to be followed by the Left regime there.

French national elections were completed on May 3, and the final balloting confirmed amply the trend toward the Left apparent in the initial voting of April 26. The huge gains made by the Socialists and Communists proved disconcerting to owners of funds in France, who sent capital abroad in huge amounts throughout the month.

Much of the money came to the United States, while large addi-

tional sums went to London, almost all the transfers being quite obviously for safekeeping against possible extreme moves by the impending Cabinet of the Left parties. No clear statement of aims was made during May by Leon Blum, the Premier-designate, and the outflow was unremitting.

Toward the end of May sporadic strikes developed in key industries in France, and such signs of Communist agitation did nothing to improve the situation. On the other hand, every effort was made by the Sarraut Cabinet and the Bank of France to continue the French adherence to the gold standard and to orthodox banking practices.

## Steady Drain on French Gold

Gold was made available freely to uphold the franc, which seldom rose above the level at which the metal could be shipped on a profit basis to other markets. The Bank of France discount rate was raised on May 6 to 6 per cent from 5 per cent, but even that high rate failed

to make Paris attractive as a center for investment of funds.

This situation resulted in a steady drain of gold from the holdings of the French central bank, and it also contributed to strength of the dollar and the pound sterling. Gold imports here in May amounted to \$161,000,000, of which \$131,800,000 came from France. The movement remained heavily in progress early in June, with the outcome quite uncertain.

Other European gold units, and notably that of the Netherlands, also were affected. Holland contributed more than \$8,600,000 of the May gold imports of the United States, and the Netherlands central bank found it advisable to raise its discount rate successively from 2½ per cent to 4½ per cent.

The capital flight from France naturally introduced more pointedly than ever the question of a possible devaluation of the French currency. Such steps have been held inevitable for a long time, and the highest authorities of the British Government have indicated from time to time that world stabilization of currencies must wait upon a better relationship of the French and American units and price levels. It is well known, moreover, that internal pressure for French devaluation has been increasing by leaps and bounds.

Because of the French situation and the triangular transfers of funds from Paris to New York to London, sterling moved steadily higher. The British unit advanced from around the \$4.95 level, at which it was temporarily held by operation of the British Exchange Equalization fund, to more than \$5 early in June. The United States dollar was strong, in general, and it is significant that our gold imports in May from France and Holland were augmented by

## GOLD RESERVES OF CENTRAL BANKS

(Figures are in millions of dollars; the valuation ratio is: One ounce = \$35.00)

End of	England	France	Holland	Switzer-land	Japan	Italy	Russia	Germany	United States
1914.....	721	1,375	...	108	455	1,509	843	2,042	
1920.....	1,277	1,160	433	178	941	345	...	440	4,150
1925.....	1,177	1,204	301	152	975	371	159	488	6,748
1930.....	1,216	3,556	290	234	698	472	422	894	7,154
1931.....	996	4,570	605	767	396	501	555	396	6,859
1932.....	987	5,510	703	808	359	520	623	325	6,848
1933.....	1,572	5,112	627	653	359	632	704	156	6,793
1934.....	1,584	5,445	573	624	394	518	744	32	8,238
1935									
Jan. ....	1,586	5,438	555	600	395	519	744	32	8,391
Feb. ....	1,586	5,439	552	586	397	519	744	32	8,527
Mar. ....	1,586	5,479	553	560	398	519	748	33	8,567
Apr. ....	1,587	5,366	439	446	400	519	748	33	8,710
May ....	1,587	4,759	440	390	403	519	748	33	8,858
June ....	1,588	4,708	427	391	407	498	748	35	9,116
July ....	1,588	7,726	380	421	410	468	748	38	9,144
Aug. ....	1,593	4,756	402	446	413	419	748	38	9,203
Sept. ....	1,595	4,770	365	448	416	379	839	38	9,368
Oct. ....	1,604	4,773	401	453	418	351	839	35	9,693
Nov. ....	1,628	4,388	427	455	422	351	839	36	9,920
Dec. ....	1,648	4,395	438	454	425	270	839	33	10,125
1936									
Jan. ....	1,652	4,324	455	424	428	270	839	31	10,182
Feb. ....	1,653	4,362	463	472	431	270	839	29	10,167
Mar. ....	1,653	4,348	486	493	433	270	839	29	10,184
Apr. ....	1,670	4,106	483	495	...	...	...	28	10,225

more or less important amounts from Canada, Colombia, Ecuador, Great Britain, Guatemala, India, Mexico, Nicaragua and the Soviet Union.

Contrasting somewhat with the European monetary confusion was a step toward adjustment of the Chinese situation, taken by agreement between the United States and Chinese Governments. Announcement was made May 18 that protracted diplomatic conversations had been concluded with an agreement for extensive purchases of Chinese silver by the United States Treasury, China to use the

proceeds exclusively for currency stabilization purposes. The Treasury purchases are to be made over a period of months at market levels and, although the amount of silver involved was not disclosed officially, it is understood that 75,000-000 ounces will be acquired.

This agreement with China serves not only the purpose of aiding that country, but also of stimulating the acquisition of the white metal under the Silver Purchase Act. When the agreement was announced, Secretary of the Treasury Henry Morgenthau, Jr., expressed the opinion that the

monetary program being pursued by China is along sound lines.

The monetary position of the United States remained substantially unchanged during May, although the large gold imports naturally increased the already swollen credit resources. Large banks in New York City, acting in concert, effected on May 11 a very modest increase of call and time loan rates of accommodation secured by Stock Exchange collateral. Call loans were raised to 1 per cent from  $\frac{3}{4}$  per cent, while time loans were raised to  $1\frac{1}{4}$  per cent from 1 per cent.

# DAILY CLOSING QUOTATIONS OF FOREIGN EXCHANGE (BANKERS' BILLS) IN THE NEW YORK MARKET DURING MAY, 1936

Country and Par	Fri. May 1	Sat. May 2	Mon. May 3	Tues. May 4	Wed. May 5	Thurs. May 6	Fri. May 7	Sat. May 8	Mon. May 9	Tues. May 10	Wed. May 11	Thurs. May 12	Fri. May 13	Sat. May 14	Mon. May 15
England, checks (Pound \$8.2397)	4.93%	4.94%	4.96	4.98%	4.96%	4.97	4.99	4.98	4.96%	4.97%	4.98%	4.96%	4.96%	4.96%	4.96%
England, cables (Pound \$8.2397)	4.93%	4.94%	4.96	4.98%	4.96%	4.97	4.99	4.98	4.96%	4.97%	4.98%	4.96%	4.96%	4.96%	4.96%
France, checks (Franc 6.6335c)	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
France, cables (Franc 6.6335c)	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
Germany, checks (Mark 40.33c)	40.18	40.20	40.24	40.29	40.31	40.36	40.45	40.46	40.39	40.33	40.32	40.34	40.34	40.34	40.26
Germany, cables (Mark 40.33c)	40.20	40.22	40.26	40.31	40.33	40.38	40.47	40.48	40.41	40.35	40.34	40.34	40.34	40.34	40.28
Belgium, checks (Belga 16.95c)	16.91	16.90%	16.96	16.99%	16.99%	17.01%	17.03%	17.03%	16.99%	16.97%	16.95%	16.93%	16.93%	16.93%	16.93%
Belgium, cables (Belga 16.95c)	16.91%	16.91	16.96%	17.00	17.00	17.02	17.04	17.04	17.00	16.98	16.96	16.94	16.94	16.94	16.94
Holland, checks (Guilder 68.056c)	67.81	67.82	67.76	67.77	67.81	67.65	67.44	67.45	67.71	67.57	67.56	67.66	67.66	67.66	67.67
Holland, cables (Guilder 68.056c)	67.85	67.86	67.80	67.81	67.85	67.69	67.48	67.50	67.75	67.61	67.60	67.70	67.70	67.70	67.67
Czechoslovakia, checks (Crown 4.18c)	4.13%	4.13%	4.13%	4.14%	4.14%	4.13%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%
Czechoslovakia, cables (Crown 4.18c)	4.13%	4.13%	4.13%	4.14%	4.14%	4.13%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%	4.15%
Switzerland, checks (Franc 32.67c)	32.48%	32.52%	32.53	32.48	32.48	32.50%	32.36%	32.29%	32.37%	32.34%	32.40%	32.43	32.43	32.40%	32.40%
Switzerland, cables (Franc 32.67c)	32.49	32.53	32.53%	32.48%	32.48%	32.51	32.37	32.30	32.38	32.35	32.41	32.43%	32.43	32.43	32.41
Italy, checks (Lira 8.91c)	7.88%	7.87%	7.88%	7.88%	7.88%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%
Italy, cables (Lira 8.91c)	7.89	7.88	7.89	7.89	7.89	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88
Spain, checks (Peseta 32.67c)	13.63%	13.63%	13.64	13.64	13.64	13.64	13.64	13.64	13.67	13.65	13.67	13.67	13.67	13.67	13.67
Spain, cables (Peseta 32.67c)	13.64%	13.64%	13.65	13.65	13.65	13.65	13.65	13.65	13.68	13.68	13.68	13.68	13.68	13.68	13.67
Portugal, checks (Escudo 7.483c)	4.51%	4.51	4.53	4.53	4.53	4.54%	4.56	4.55	4.53%	4.54	4.53%	4.53	4.53	4.53	4.53%
Portugal, cables (Escudo 7.483c)	4.51%	4.51	4.53	4.53	4.53	4.54%	4.56	4.55	4.53%	4.54	4.53%	4.53	4.53	4.53	4.53%
Denmark, checks (Krone 45.374c)	22.04	22.04%	22.13%	22.14%	22.14	22.18	22.26%	22.22	22.16	22.21	22.17%	22.13%	22.13%	22.13%	22.15%
Denmark, cables (Krone 45.374c)	22.05	22.05%	22.14%	22.15%	22.15	22.19	22.27%	22.23	22.17	22.22	22.18%	22.14%	22.14%	22.14%	22.16%
Sweden, checks (Krona 45.374c)	25.46	25.46%	25.56%	25.58	25.57	25.62	25.72	25.67	25.60	25.65	25.61%	25.57	25.57	25.59	25.59
Sweden, cables (Krona 45.374c)	25.47	25.47%	25.57%	25.59	25.58	25.63	25.73	25.68	25.61	25.66	25.62%	25.58	25.58	25.60	25.60
Norway, checks (Krone 45.374c)	24.81%	24.83%	24.91%	24.93	24.92	24.97	25.06%	25.01%	24.94%	25.00	24.96	24.91%	24.91	24.91	24.94
Norway, cables (Krone 45.374c)	24.82	24.84%	24.92%	24.94	24.93	24.98	25.07%	25.02%	24.95%	25.01	24.97	24.92%	24.92	24.92	24.95
Greece, checks (Drachma 2.197c)	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%
Greece, cables (Drachma 2.197c)	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%
Australia, checks (Pound \$8.2397)	3.94%	3.95	3.96%	3.96%	3.96%	3.97%	3.99	3.97%	3.96%	3.97%	3.97%	3.97%	3.97%	3.97%	3.97%
Australia, cables (Pound \$8.2397)	3.95	3.95%	3.96%	3.97	3.96%	3.97%	3.99%	3.98	3.97%	3.98%	3.98%	3.97%	3.97%	3.97%	3.97%
Montreal, demand (Dollar \$1.6931)	99.78	99.88	100.00	100.00	100.00	100.00	100.00	100.00	99.94	99.97	99.84	99.75	99.75	99.75	99.69
Argentina, demand (Paper peso 71.87c)	32.93	32.93	33.07	33.07	33.07	33.15	33.25	33.25	33.12	33.12	33.20	33.20	33.20	33.20	33.20
Brazil, demand (Paper milreis 20.25c)	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59	8.59
Chile, demand (Gold peso 5.19c)	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17
*Mexico, demand (Silver peso 34.398c)	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80
*Uruguay, demand (Gold peso \$1.751)	47.00	47.00	47.00	47.00	47.00	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.75

Country and Par	Sat. May 16	Mon. May 18	Tues. May 19	Wed. May 20	Thurs. May 21	Fri. May 22	Sat. May 23	Mon. May 25	Tues. May 26	Wed. May 27	Thurs. May 28	Fri. May 29	Sat. May 30
England, checks (Pound \$8.2397)	4.96%	4.97%	4.97	4.97%	4.97%	4.97%	4.98	4.98	4.98%	4.98%	4.99%	4.99%	4.99%
England, cables (Pound \$8.2397)	4.96%	4.97%	4.97	4.97%	4.97%	4.97%	4.98	4.98	4.98%	4.98%	4.99%	4.99%	4.99%
France, checks (Franc 6.6335c)	6.59	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
France, cables (Franc 6.6335c)	6.59%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%	6.58%
Germany, checks (Mark 40.33c)	40.26	40.24	40.24	40.24	40.25	40.24	40.24	40.26	40.24	40.24	40.24	40.24	40.22
Germany, cables (Mark 40.33c)	40.28	40.26	40.26	40.26	40.27	40.26	40.26	40.28	40.26	40.26	40.26	40.26	40.24
Belgium, checks (Belga 16.95c)	16.92%	16.91	16.91	16.91	16.91	16.90%	16.90%	16.90	16.90	16.90	16.90%	16.91	16.91
Belgium, cables (Belga 16.95c)	16.93	16.91%	16.91%	16.91%	16.91%	16.91	16.91	16.90%	16.90%	16.90%	16.91	16.91	16.91
Holland, checks (Guilder 68.056c)	67.58	67.54%	67.54	67.56	67.56	67.53	67.53	67.55	67.51	67.53%	67.47	67.48%	67.48%
Holland, cables (Guilder 68.056c)	67.62	67.58%	67.58	67.60	67.60	67.57	67.57	67.59	67.55	67.57%	67.51	67.52%	67.52%
Czechoslovakia, checks (Crown 4.18c)	4.14%	4.15	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.13%	4.13%
Czechoslovakia, cables (Crown 4.18c)	4.15%	4.15%	4.15	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	4.13%	4.13%
Switzerland, checks (Franc 32.67c)	32.36	32.34	32.33%	32.33	32.33	32.30%	32.31%	32.31	32.31%	32.31	32.30%	32.29%	32.29%
Switzerland, cables (Franc 32.67c)	32.36%	32.34%	32.34	32.33%	32.33%	32.31	32.32	32.31	32.32	32.31%	32.31%	32.30	32.30
Italy, checks (Lira 8.91c)	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.87%	7.87%	7.87%
Italy, cables (Lira 8.91c)	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.87%	7.87%	7.88
Spain, checks (Peseta 32.67c)	13.65%	13.63%	13.63%	13.63%	13.63%	13.63	13.63	13.63%	13.63%	13.63	13.63	13.63	13.63
Spain, cables (Peseta 32.67c)	13.66%	13.64%	13.64%	13.64%	13.64%	13.64	13.64	13.64%	13.64%	13.64	13.64	13.64	13.64
Portugal, checks (Escudo 7.483c)	4.53%	4.54	4.54	4.54	4.54	4.54	4.55	4.55	4.55	4.55%	4.56	4.56	4.56
Portugal, cables (Escudo 7.483c)	4.53%	4.54	4.54	4.54	4.54	4.54	4.55	4.55	4.55	4.55%	4.56	4.56	4.56
Denmark, checks (Krone 45.374c)	22.16	22.19%	22.18	22.18	22.18	22.20%	22.22	22.22	22.22	22.24%	22.28	22.29	22.29
Denmark, cables (Krone 45.374c)	22.17	22.20%	22.19	22.19	22.19	22.21%	22.23	22.23	22.23	22.25%	22.29	22.30	22.30
Sweden, checks (Krona 45.374c)	25.60	25.64	25.62	25.62	25.62	25.65	25.67	25.67	25.67%	25.69%	25.73%	25.73	25.73
Sweden, cables (Krona 45.374c)	25.61	25.65	25.63	25.63	25.63	25.66	25.68	25.68	25.68%	25.70%	25.74%	25.76	25.76
Norway, checks (Krone 45.374c)	24.94%	24.98%	24.97	24.97	24.97	24.99%	25.01%	25.01%	25.02	25.04%	25.08	25.09	25.09
Norway, cables (Krone 45.374c)	24.95%	24.99%	24.98	24.98	24.98	25.00%	25.02%	25.02%	25.03	25.05%	25.09	25.10	25.10
Greece, checks (Drachma 2.197c)	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93	.93	.93	.93	.93	.93
Greece, cables (Drachma 2.197c)	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%	.93%
Australia, checks (Pound \$8.2397)	3.97	3.97%	3.97%	3.97%	3.97%	3.97%	3.98%	3.98%	3.98%	3.98%	3.99%	3.99%	3.99%
Australia, cables (Pound \$8.2397)	3.97%	3.97%	3.97%	3.97%	3.97%	3.98	3.98%	3.98%	3.98%	3.98%	3.99%	3.99%	3.99%
Montreal, demand (Dollar \$1.6931)	99.70	99.69	99.72	99.72	99.64	99.69	99.75	99.80	99.81	99.80	99.86	99.81	99.81
Argentina, demand (Paper peso 71.87c)	33.20	33.17	33.14	33.14	33.14	33.17	33.17	33.20	33.20	33.24	33.30	33.30	33.30
Brazil, demand (Paper milreis 20.25c)	8.59	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61	8.61
Chile, demand (Gold peso 5.19c)	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17	5.17
*Mexico, demand (Silver peso 34.398c)	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80	27.80
*Uruguay, demand (Gold peso \$1.751)	47.75	47.75	47.75	47.50	47.50	48.25	48.25	48.25	48.50	48.75	48.75	48.75	48.75

\* Nominal quotations. † Free. ‡ Holiday.

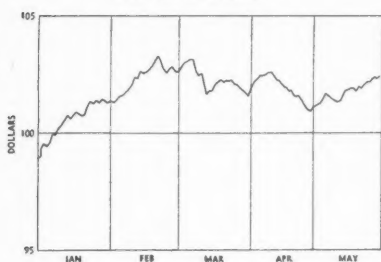


# SECURITY PRICES ADVANCED DESPITE REDUCED TRADING

by GEORGE RAMBLES

**N**OTWITHSTANDING continued apathy, prices of securities in the New York markets edged steadily higher during May, and all of the decline suffered in the preceding month was regained. The movement was slow, but almost uninterrupted and it represented, in general, a resumption of the upswing that started in March, 1935. The recovery was halted, temporarily, in April, when all prominent average compilations reflected a considerable recession, but the effect of that decline was wiped out last month.

BOND PRICES \*



(\*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal." Almost all the U. S. Government bonds advanced impressively, with long-term issues reaching the best levels since issuance. Listed bonds continued steady.

Movements were uncertain at times, owing to the many and diverse factors that necessarily influence the stock and bond markets. The decided Left trend of the French elections early in May caused a modest recession in general levels. Legislative confusion in Washington added to the worries of stockholders, particularly because the threat was imminent for a time of extensive and hazardous changes in the corporate taxation method of the United States Government. An Administration proposal called for replacement of the ordinary income levy on corporate profits by a scheme for taxing undistributed corporate

surpluses, but a compromise arrangement finally was suggested for combining these general aims.

The markets also were dulled by a threat of simple monetary inflation, inherent in the terms of a proposed Frazier-Lemke bill for refinancing farm mortgages through issuance of greenbacks. For the first two weeks of May, stocks drifted and were disposed to a downward rather than upward course. But a pronounced and lasting change occurred May 14, when the Frazier-Lemke bill was defeated in the House. Prices of all types of securities showed their sharpest gains of the entire month on that day, and the trend toward price improvement was well maintained thereafter.

Slight additional stimulation was afforded the markets on May 18, when the United States Supreme Court ruled the Guffey Coal Act unconstitutional. This measure attempted to regulate prices and wages of the coal industry and

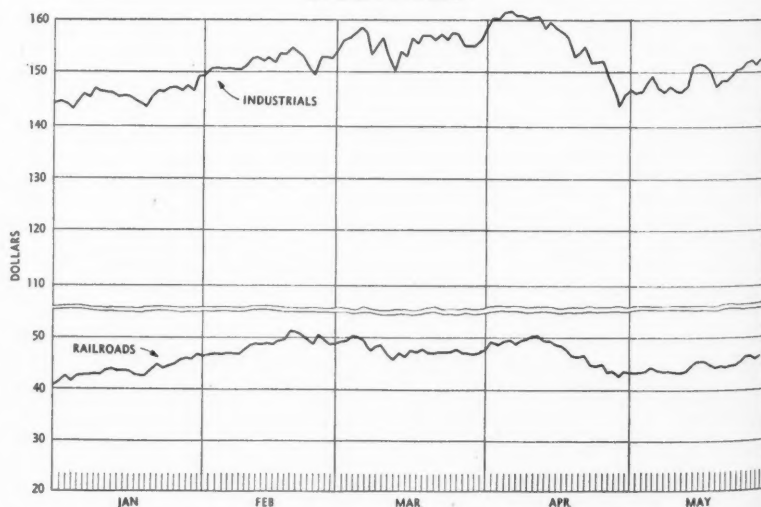
it was thrown out in a States' rights decision.

Pressure of idle funds caused quiet but impressive buying of stocks in the final half of May, and in that period a very material net gain was recorded by almost all issues. The confusion caused early in the month by heavy margin requirements was overcome, and on this basis also many purchases were made.

Listed bonds also were in quiet but continued demand during the latter half of May. United States Government bonds advanced impressively, and almost all the long-term issues attained the best levels since issuance.

Equity trading on the New York Stock Exchange amounted only to 20,614,000 shares during May, against 39,616,000 shares in April and 30,438,000 in May, 1935. Bonds were turned over in the amount of \$201,000,000 par value, against \$285,000,000 in the same month of last year.

STOCK PRICES \*



(\*) Based on statistics compiled by Dow, Jones & Co., publishers of "The Wall Street Journal." While the May turnover at 20,614,000 shares was the smallest since March, 1935, the average value per share rose to \$37.35 on June 1 from \$35.74 on May 1, recovering the loss recorded for the month preceding.

## FEDERAL TRADE COMMISSION DECISION IN THE GOODYEAR CASE

*continued from page 9*

ances, terms, volume discounts, cumulative purchases, standard or special products, quality differences, bonuses, introduction of new lines, guarantees against price declines, forward contracts, and an interminable procession of special selling arrangements and distributor services are all certain to obscure the simpler mathematics of price on which the theory of regulation must, in part, depend.

Both aside from and because of these technical difficulties, they are seriously concerned over the prospect of further governmental interference with business judgment, and with the already circumscribed right of management to so manage each and every part of its business as to yield the best profit result for the whole, regardless of the effect on any particular group of customers. The outlawing of temporary price-cuts in particular areas for the purpose of crushing local competition, although now accepted as a proper limitation, illustrates the kind of principle by which interference may be justified. Whatever the sanction in that particular instance, the disturbing fact remains that "principles" are a matter of ideology and are all too easy to extend. The technical problems involved in obliging prices to serve doctrinaire objectives are bad enough in themselves, without the risks of arbitrariness that come of entrusting such a broad concept as unfair discrimination to governmental definitions of costs and economies.

In fine, efforts to hedge all competitive activities by narrow rules are not realistic. By definition business is not static and the very essence of competition forecloses complete standardization. The necessity for some rules is recognized, but proposals to interfere extensively with the free bargaining of buyers and sellers goes beyond healthy regulation and

strikes at the vitals of the system.

Most of the arguments outlined all too briefly above, are basic. They spring from conflicting economic philosophies. They apply to problems far afield from the specific issues in the Goodyear case. Nevertheless, it in turn involves them all. The decision as it now stands is a victory for the advocates of government interference.

### Character of Possible Effects

Many of the existing internal relations of the distribution system came into being and hardened into their present form under the influence of price differences. The effect of the Goodyear decision on many of the relationships resting on such differences could be widespread. Further readjustments, such as in the competition of independent retailers with chain and mail-order houses or in the establishment by the latter of their own producing facilities, might well be far reaching should the full implications in the Commission's order be realized. Some observers visualize extensive shifts in sources of supplies and competitive prices, the emergence of new forms of services, etc., to justify continuance of special compensations and of price spreads, the entry of mass distributors into production on an extensive scale, the return of some manufacturers from direct retailer selling to use of wholesalers because of the relative price stabilization they think would follow. Any or all of these changes, if they actually took place, could initiate a new series of repercussions of uncertain strength and direction.

This is the extreme and probably exaggerated picture, painted to show what some believe to be the importance of price differentials as an active influence in our competitive system. Others are skeptical, looking upon such business practices as the rather inevitable by-

products of the business organism itself, and therefore more likely to absorb most external "correctives" than be profoundly modified by them.

Should the Commission be upheld in its decision by the courts, how would price adjustments be made? Would the discounts of the mass distributors be decreased or those of independent buyers increased? The Commission said in the Goodyear case that either method might be used. Many industrialists have feared that the forcible curtailment of price discrimination would result in favored buyers holding their ground and weaker buyers successfully demanding equality with them.

### Price Levels Versus Structures

These uncertainties however, while important in themselves, are particularly arresting as a source of new light on the nature of modern price problems. Customary emphasis, both business and economic, is on price levels. At what price can sellers make a profit, and what price level will stimulate the largest possible production, consumption, and employment? These questions will always be vital, but the function of price in shaping the distribution structure within that system now takes rank with them. The strength and sometimes the very existence of different channels of distribution such as general and specialized wholesalers, mass distributors, independent retailers, direct selling, specialty outlets, agents and brokers, and a flickering stream of organisms combining old functions in new ways and spawning new ones out of the same elemental urge that gave them life, are partly determined by their price relationships to the rest of the system. Price is their principal link to commercial life, and if that link is poorly fitted their chances of survival are definitely lessened. Price structures, ranging down from raw materials to finished products, have become as important as price levels in determining the kind of economic world in which we are to live.

# GENERAL BUSINESS CONDITIONS

## BY DISTRICT OFFICES OF DUN & BRADSTREET, Inc.

**Atlanta** Retail business has about settled down to normal seasonal requirements, with a steady demand for Summer merchandise in practically all grades. The smaller shops report increases of about 10 per cent over May, 1935, with department store sales slightly more.

**Baltimore** Despite disconcerting influences there are definite indications that activity in many lines is spreading. The first quarter of the year saw gains in the more important heavy goods industries. During May, there was evidence of a revival in other lines. Building, coal mining, furniture manufacturing, glassware manufacturing, and operations in the textile field have increased sufficiently to more than offset the decline in the heavy goods lines.

**Binghamton** Retailers report that sales continued to be good during May, although there has been a slight drop in the volume toward the close of the month. Clothing continued to move rapidly, and Summer furniture was in good demand. No change was noted in the industrial situation.

**Boston** Developments during May included a further strengthening and expansion of the wool market, moderate progress in the cotton goods division, but rather poor business for the shoe manufacturers. Rehabilitation of the flood districts was responsible for the increased activity in building supplies, road materials and furnishings.

The preparations for the reopening of many of the Summer activities created a call for additional workers. A continuation of the moderate upward trend of business was indicated by the volume of orders received by the leading Massachusetts concerns during the month.

**Buffalo** Marked gains were recorded during May in retail distribution. Sales mounted vigorously, in comparison with the corresponding period last year. One of Buffalo's major sources of revenue and trade was again active, as the 1936 season of navigation opened.

Construction contracts and savings and loan mortgages increased sharply. Employment and factory pay rolls were widened.

**Chicago** Favorable weather conditions during May had a stimulating effect on retail trade. Turnover was 10 to 20 per cent ahead of the like 1935 period. Ready-to-wear departments accounted for much of the increase, the demand for Summer apparel being extremely noticeable. Among wholesalers, orders were largely on a hand-to-mouth basis, although promises of a good wheat crop were reflected in better commitments from rural territories.

**Cincinnati** Owing to changeable weather, there were complaints in some lines that business was spotty during May. On the whole, however, reports were favorable, and the trend seems to be upward. Department stores report business holding up well in comparison to the preceding months of this year, and showing a 10 to 15 per cent increase over the same period of last year.

**Cleveland** The steady operations of the steel area automobile industries gave the major supporting strength to industry in this section. May held at the April levels, and there was but little indication of the usual seasonal decline, with the approach of Summer.

The opening of the bulk cargo shipping on the Great Lakes, the beginning of a larger volume of outdoor work, plus the best volume

of household improvements and renovation in years, have greatly assisted in keeping industry and trade at a high point of activity.

**Dallas** After local trade had been somewhat curtailed for several weeks, as a result of local drought, rains at mid-month stimulated business to a considerable extent. Practically all lines report gains over the same period last year.

The general impression is that, while the Texas Centennial Exposition has helped to a marked degree, the improvement is more real than the result of temporary expenditures for the Exposition. Manufacturers reported substantially increased volume, with but a small part of it due to Centennial building.

**Detroit** A rising tide of consumer demand pushed retail sales to higher levels during May, principally in the apparel divisions. Women's ready-to-wear items, dress goods, gloves, aprons, and sportswear found an active market.

A revival of confidence in retail channels was reflected in an increasing amount of orders to wholesalers of dry goods, furniture, refrigerators, household appliances, and building materials. A drop in automobile production during May indicated that the industry, as a whole, has arrived at the point where a feeling of caution is necessary to insure a proper balance with sales during June.

**Erie** Continued favorable weather aided retail sales, which were 10 per cent in excess of the comparable period in 1935. While tapering somewhat, wholesale trade was close to the highest levels attained during the current year. Building activities expanded, and the collection situation was satisfactory.

**Fort Wayne** Retail volume here showed an increase of 10 to 20 per



cent over the same period of 1935. It was aided largely by sales in the refrigerator line. Wholesalers reported a larger volume than for the same month of last year, and the most industries operated at a higher rate than in May, 1935. General crops have been retarded by the cold weather.

**Indianapolis** All retail lines continued to show increased activity during May. The volume was about 10 to 15 per cent over the similar period of 1935. Wholesale dry goods lines, draperies, and house-furnishings showed an increase of 30 per cent over the same period of 1935. Wholesale orders for hardware and kindred lines were up 21 per cent. Industrial operations continued active.

**Kansas City** On account of cooler weather, general retail volume during May started out slow. However, during the latter part of the month warmer temperatures set in, and business picked up to a great extent.

During the month soaking rains, which penetrated most of Kansas, Oklahoma, Nebraska, eastern Colorado, and Missouri, were very beneficial for growing wheat in the hard Winter wheat belt of the Southwest.

**Los Angeles** May retail business leveled off somewhat, with volume holding to an average gain of 10 per cent above 1935. The weather was good but hardly warm enough to stimulate the movement of Summer goods in volume.

Wholesale trade was a trifle spotty, with some lines, such as male apparel, automotive supplies, and furniture showing sustained activity.

**Memphis** Favorable weather conditions and festivities associated with Cotton Carnival activities contributed to sustaining retail trade at a reasonably satisfactory volume. Agricultural activity made good progress under excellent weather and the beginning of marketing of early fruits and vegetables in some districts has helped buying power.

**Milwaukee** General factory employment was well sustained during May. This was true particularly in the metal trades, although industrial reports also were encouraging in practically all lines. In construction work, there was more noticeable progress, with employment increasing in the different building trades. Workmen in some trades are not easy to obtain.

Retail sales made a further spurt, under the influence of favorable weather, and there was a firm demand for wearing apparel, with merchandise frequently running short and difficulty encountered in getting prompt delivery.

**Minneapolis** Continued improvement in volume of business was enjoyed by concerns in nearly every line of endeavor during May. Not only did staple commodities move better than a year ago, but luxury merchandise sold more freely.

Building construction for the same period showed a 17 per cent gain in Minneapolis and was accelerated in May. Flour production was up somewhat, due to a multiplicity of small orders. Demand for linseed oil showed a good trend and manufacturers of threshing machinery and other farm implements and equipment continued the activity which has prevailed for months past.

**Newark** As the season advances moderate expansion has been noted in most lines of retail trade, but this improvement was not very marked. As for some time past, the greater part of the demand centered on textiles or kindred lines. Popular-priced millinery sold in good volume. Sales volume for leather goods and shoes was very well maintained.

**New Haven** Manufacturers reported volume steady, with sufficient orders on hand to keep most plants steadily employed for many weeks to come. Orders showed a steady improvement, though not large in volume, but considerably over the total of the like 1935 period.

While no large increase occurred in sales, most retailers seem to feel

that present volume will be maintained throughout the season. No change of trend was noted in the employment situation throughout this district. Compared with reports of 1935, the situation is much improved.

**Omaha** The sluggishness which set in early in April continued during most of May, as retail sales in Omaha averaged only about 5 per cent over last year's. The delay in warm weather duplicates last year's experience, and places the two seasons on a comparable basis from that angle.

In the outstate, sales were from 5 to 10 per cent ahead of last year's, this reflecting the demand for necessary farm items, which the improved crop situation is loosening. Moisture conditions are much improved over last year and corn planting is getting under way. Considerable faith is expressed in the likely stimulating effect of the soldiers' bonus payment.

**Philadelphia** Retail trade in this city was unusually quiet in the early part of May, but regained lost ground toward the close of the month. Sales for May were reported to be approximately 5 to 12 per cent ahead of the corresponding period in 1935. Local wholesale houses had a steady run of between-season orders, plus a good inquiry for Summer merchandise.

Activity in most manufacturing lines ranged well ahead of last year's. Plumbing supplies, radios, and shoes were turned out in a volume 10 to 35 per cent larger than in May, 1935.

**Pittsburgh** Activity in both production and distribution was favorable, as compared with May a year ago. Retail trade was brisk, and seasonal requirements were quickened by the exceptionally warm weather. Buying of wearing apparel, both men's and women's, expanded, and general department store volume was from 10 to 20 per cent ahead of last year's, notwithstanding the setback of the flood.

The scope of industrial improvement was reflected in originating

shipments, which were practically 60 per cent above the comparable period of last year.

**Portland, Ore.** Cool and rainy weather served as an unfavorable influence on retail trade during part of May. Despite this and unsettled strike conditions, the volume was over last year's by a small margin. Striking mechanics continued to affect adversely the automotive parts trade.

**Rochester** New passenger car sales for the first twenty days of May amounted to 1,294, a 29 per cent increase over the corresponding period of May, 1935. Electricity consumption for the week ended May 23 totalled 7,404,588 kw.h., a 14 per cent advance over the corresponding period of last year.

The Rochester Business Index for April, and for the eighteenth consecutive month, pointed upward, registering a 9 per cent advance over April, 1935, and a 1 per cent advance over March, 1936.

**San Francisco** Trade condition reports for May indicated that sales were not so active in many instances. Department store trade was uneven. Women's garments were active in Summer wear, but generally a little quiet. Men's clothing and furnishings were better situated. Foodstuffs held to an even keel, as did homewares. Wholesale drugs and sundries sold better than in the comparable 1935 period. Industrial activity held up well.

**Seattle** Consistent gains in every reporting line of retail merchandising were recorded for May. Extremely favorable weather conditions were factors in the substantially increased activity in furniture and household lines. Prospects for the Summer business were considered especially favorable by most merchants, with the large registrations for conventions to be held here.

**St. Louis** General business activity in this area was at an accelerated rate during May. Slight seasonal recessions in some lines were more

than offset by continued expansion in others. Warm weather pushed forward the movement of late Spring and Summer merchandise through retail outlets, and department store volume was reported from 12 to 15 per cent over last year's.

Building construction continued at a greatly improved rate. This improvement was reflected in increasing activity on the part of manufacturers of mill furnishings, builders' hardware, paints, and varnishes, sashes and doors, and plumbing supplies. Activity in these lines ran from 20 to 60 per cent over that of twelve months ago.

**St. Paul** Trade and industry throughout this district during May moved forward, all lines showing a steady improvement. Distribution at retail, accelerated by consumers filling warm weather needs, brought volume up to 20 per cent above 1935 figures. Sales of wholesalers and jobbers were swelled by reorders and last year's

figures were surpassed by 18 per cent.

Industrial activity, due partially to seasonal factors, exceeded the output of a year ago by 50 per cent. Building construction continued an upturn begun earlier in the year and has reached a level over 125 per cent in excess of the amount in 1935.

**Tacoma** Although retarded by the unusually cold weather and considerable rain, wholesale and retail business held up very well. Wholesalers and jobbers did as well or better than in May, 1935. In the Puyallup Valley the prospects are very bright.

The local furniture manufacturing industry is in the best condition for years, showing an average volume increase of about 30 per cent over 1935. Preparations are being made for the Annual Northwest Furniture Market, to be held in Tacoma July 20 to 24, which is expected to attract hundreds of buyers to this city.



## A miller, an oil refiner and a turkey grower agree

A flour mill writes: "We consider our Long Distance telephone bill one of the best investments we make." An oil company says: "One month's telephone sales totaled \$293,080, at a telephone selling cost of less than 1/2 of 1%." A turkey growers' organization reports a \$300,000 sale to a large distributor, after two telephone talks. In countless ways, Bell System service contributes to the growth of American business.



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